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**US Securities and Exchange Commission**

Office of International Corporate Finance

Division of Corporation Finance



04046704

Date: 2004/12/2

**SUPPL**

Re: Company Information of **Marubeni Corporation**, file no. **82-616**

With regard to the exemption relating to certain foreign issuers under **Rule 12g3-2(b)**, we are pleased to submit our latest company information as enclosed.

We would be grateful if you could check on the enclosed and keep it in your file.

Thank you.

\*Financial Results for FY2004 1H

\*Summary of Consolidated Financial Results for FY2004 1H

\*Financial Results for 1<sup>st</sup> Half FY2004, Marubeni's Strength & "V" PLAN

\*News Releases

-Tarahan Coal Fired Steam Power Plant

-Joint Venture for Glass Substrate

-Delisting Marubeni shares from Frankfurt and Düsseldorf  
stock exchange

-Stage Medical

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Investor Relations Section

Finance Dept.

Marubeni Corporation

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**Marubeni Corporation Receives Orders for Boiler and Steam  
Turbine Packages for Tarahan Coal Fired Steam Power Plant  
Project of PT PLN**

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Marubeni Corporation  
OFFICE OF INTERNATIONAL  
CORPORATE AFFAIRS  
July 26, 2004

Marubeni Corporation has received orders for two power plant equipment packages comprising circulating fluidized bed (CFB) boilers and steam turbine generators for units 3 & 4 of Tarahan Coal Fired Steam Power Plant Project (100 MW x 2 units; location: Tarahan, near Lampung, Southern Sumatra) of PT Perusahaan Listrik Negara (Persero) ("PT PLN"). This was the first case of bid tendering for a full-scale thermal power generation plant since the economic crisis. The contract amount total is approximately 22.8 billion yen. The construction costs for the project will be funded by Japanese ODA loan.

On July 26, a consortium of Marubeni Corporation and ALSTOM Power Inc. of the United States, a company with many years of experience in boilers, has concluded an agreement for a boiler package (contract amount: about 14.3 billion yen). The principal equipment will be supplied by Fuji Electric Systems Co., Ltd. for the steam turbine generator package (for which an agreement was concluded on April 22, with a contract amount of about 8.5 billion yen). Marubeni Corporation will manage all works for both packages, including auxiliary equipment and civil building and installation work. In the project, CFB boilers (with a mechanism to suppress generation of NOx and SOx) were adopted for the first time in Indonesia, and the power plant will be more environmentally-friendly compared with conventional thermal power plants.

Demand for electric power has increased rapidly in Indonesia since 2000, and greater support for the power sector has been implemented over the past few years through Japanese ODA loan. Southern Sumatra is one area in which power shortages have been serious, and the provision of Japanese ODA loan was approved for the project to ensure stable power supply in the area. Preparatory work has been undertaken for the procurement of facilities.

Starting before the economic crisis in Indonesia, Marubeni Corporation has managed numerous projects, including Tanjung Priok Combined Cycle Power Plant (1,180MW), Muara Tawar Combined Cycle Power Plant (1,095MW) and boilers for units 1 to 7 of Suralaya Coal Fired Power Plant (3,400MW). We have benefited from our friendly ties with Indonesia over many years, and have earned high marks for our project management capabilities and competence, backed by excellent results in numerous projects. We believe these have been factors in our success in winning orders for the large projects this time.

Marubeni Corporation has been aggressive in advancing into the Indonesian electricity market. The orders for the large projects at Tarahan Coal Fired Power Plant should function as a bridgehead to further strengthen the strong ties of trust we have with PT PLN. Marubeni is determined to redouble its efforts to win orders in the

major manufacturers in Japan, Europe and the United States.

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(C)Marubeni Corporation / Inquiry window

## **Marubeni Establishes Joint Venture in Shenzhen, China for Glass Substrate Used for HDD**

Marubeni Corporation

July 29, 2004

Marubeni Corporation, together with Toyo Kohan Co., Ltd. and Shenzhen Kaifa Magnetic Recording Co., Ltd, will establish a joint venture company in the Shenzhen Grand Industrial Zone in Shenzhen, China to manufacture and sell glass substrate used for hard disk drives.

Currently there are, roughly speaking, two main types of storage media used in hard disc drives-glass substrate and aluminum substrate-and these are used in distinctly different applications. Demand for glass substrate, which is harder and more durable than aluminum substrate, is expanding rapidly, as it is required for notebook PCs, portable audio, car navigation systems, mobile devices, etc., and other applications that require a high degree of shock resistance.

To date, Marubeni has sold aluminum substrates produced by Toyo Kohan's Kudamatsu plant (located in Kudamatsu, Yamaguchi Prefecture) and TOYO-MEMORY TECHNOLOGY SDN.BHD (located in Kedah, Malaysia; Ownership: Toyo Kohan 60%, Marubeni 40%). Now, however, through the sale of glass substrates, which is predicted to see further growth, Marubeni will strengthen its market presence.

### **【Profile of the new company】**

1. Location:  
Shenzhen Grand Industrial Zone, People's Republic of China
2. Capitalization:  
Approx. 2 billion yen
3. Shareholder composition:  
Special purpose company (\*) 51%  
Shenzhen Kaifa Magnetic Recording Co., Ltd. 49%  
\* Special purpose company profile
  - (1) Capitalization: Approx:  
1 billion yen
  - (2) Shareholder composition:  
Toyo Kohan Co., Ltd.) 60%;Marubeni40%、
4. Business details:  
Manufacturing and sale of glass substrate for HDD
5. Production capacity:  
400,000 pieces/month (Initially)
6. No. of employees:  
Approx. 140
7. Future plans:  
August 2004 Company established  
December 2004 Facilities to be completed  
January 2005 Commence sample shipments  
March 2005 Commence production
8. Other:  
Shenzhen Kaifa Magnetic Recording Co., Ltd. profile

substrate for HDD.  
Capitalization: US\$27 million

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(C)Marubeni Corporation / Inquiry window

**Marubeni Corporation applies for delisting its shares from  
Frankfurt , and Düsseldorf Stock Exchange**

Marubeni Corporation

August 20, 2004

Marubeni Corporation ("the Company") resolved today at the meeting of its Board of Directors to apply to two German stock exchanges of Frankfurt and Düsseldorf for the delisting of the shares which are listed in the form of Global Bearer Certificates (GBC / "shares").

1. The reason for the delisting

The trading volume of the Company's shares on each of these two stock exchanges is very low. The Company notes that the delistings would cause no substantial inconvenience to the Company's shareholders and investors, because the Company's shares will continue to be listed on Tokyo Stock Exchange, Osaka Stock Exchange, Nagoya Stock Exchange, Sapporo Stock Exchange, and Fukuoka Stock Exchange.

2. Delisting Schedule

The applications for the delisting from these two stock exchanges will be submitted by the end of September, 2004. The Company expects to complete the delisting process by the end of March, 2005.

Marubeni Corporation, together with Marubeni America Corporation, invested \$3 million in NxStage Medical, Inc., a U.S. company developing and selling products for the treatment of renal failure. Marubeni Corp. has gained a period of exclusive negotiation rights for the product marketing in Japan.

NxStage's product, the NxStage System One, is FDA cleared and commercially available in the U.S. for both acute and chronic applications. NxStage launched its NxStage System One into the ICU last year and recently expanded its launch into the chronic market. NxStage is also looking to obtain a specific home indication for the System One and has in process an FDA IDE study of chronic home daily dialysis in support of this indication.

In Japan, chronic dialysis patients total to more than 230 thousand and are increasing by 10 thousand each year. Most patients commute to the dialysis center 3 times a week, where the treatment usually takes 4 to 5 hours per visit. Home hemodialysis therapy has been covered by medical reimbursement since April 1998 but the number of patients who are actually getting dialysis treatment at home has remained at only about 100. Many believe that this is because there is no easy-to-use home dialysis system and the training for patients/families takes too long. Because many believe home dialysis gives patients the best chance to regain their daily lives and improve their quality of life, there have been great hopes for a new, easy to use system that could be used at home.

Marubeni believes that NxStage's product will be what the Japanese market has been waiting for. The characteristics of the product are 1. about H39cm×W36cm×D45cm in size, compact and easy to carry, 2. disposables (dialyzer & blood tubing) are put together in an all-in-one cartridge which makes it easy to use/dispose and train patients, 3. maintenance of the system is simple (just send it back), and 4. the system runs on standard household current and requires no water processing. Further information regarding NxStage and the NxStage System One is available at [www.nxstage.com](http://www.nxstage.com).

The Business Incubation Dept. of Marubeni Corp. has been promoting new businesses in the healthcare field, including in the elderly care and medical device markets. Marubeni Corp., together with its Japanese partners, intends to introduce NxStage's system to Japan and build a business model for home hemodialysis therapy, which includes collaboration with dialysis centers and a delivery and support system for home patients.

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CORPORATE AFFAIRS

# Financial Results for 1<sup>st</sup> Half FY2004 Marubeni's Strength &

## “V”PLAN (Medium-Term Management Plan for FY2003-2005)

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November, 2004

**Marubeni Corporation**

(Tokyo Stock Exchange Code: 8002 Japan)



# Agenda

## *Financial Results for 1<sup>st</sup> Half FY2004*

..... p 1 – 12

1. Financial Highlights
2. Consolidated Financial Results for 1<sup>st</sup> Half FY2004
3. Balance Sheets
4. Gross Trading Profit and SGA Expenses
5. Core Earnings
6. Gross Trading Profit and Net Profit by Operating Segment
7. Core Earnings and Total Assets by Operating Segment
8. Cash Flows
9. Shareholders' Equity
10. Interest Coverage Ratio
11. Number and Consolidated Profits & Losses of Group Firms
12. Major Profit-making & Loss-making Firms

## *Marubeni's Strength*

..... p 13 – 20

## *“V” PLAN (Medium-Term Management Plan for FY2003-2005)*

..... p 21 – 24

# 1. Financial Highlights

(billions of yen)	FY01		FY02		FY03		FY04		FY05	
	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Total volume of trading transactions	4,525.2	4,447.0	8,972.2	4,480.9	8,793.3	4,080.2	7,905.6	3,742.7	(-82.6)	7,600.0
Gross trading profit *	224.4	213.6	438.0	210.0	424.6	210.9	409.5	211.4	(+12.8)	435.0
SGA expenses *	-198.9	-191.9	-390.8	-174.4	-343.5	-169.0	-330.0	-167.9	(-6.9)	-342.0
<b>Adjusted operating profit</b>	<b>25.5</b>	<b>21.7</b>	<b>47.2</b>	<b>35.7</b>	<b>81.1</b>	<b>41.9</b>	<b>79.4</b>	<b>43.5</b>	<b>(+5.9)</b>	<b>93.0</b>
Other restructuring costs										
Gross trading profit	-4.0	2.8	-1.2							
SGA expenses	-1.0	-0.3	-1.3	-2.1	-2.1			-1.5	(-1.5)	
Provision for doubtful accounts	-39.4	-4.6	-43.9	0.4	-5.7	1.5	-2.3	-2.5	(-3.9)	-8.0
<b>Operating profit</b>	<b>-18.8</b>	<b>19.8</b>	<b>0.8</b>	<b>34.1</b>	<b>73.4</b>	<b>39.6</b>	<b>78.6</b>	<b>39.5</b>	<b>(+0.6)</b>	<b>85.0</b>
Interest expense-net	-15.1	-14.4	-29.5	-12.1	-23.5	-12.7	-23.5	-12.6	(-1.7)	-28.0
Dividends received	4.4	3.1	7.5	3.2	6.8	2.8	7.2	4.9	(+0.5)	6.0
Others	-128.2	-14.5	-142.7	-16.3	-20.3	-0.4	-3.4	-0.4	(+2.7)	-12.0
<b>Income/losses before income taxes and equity in earnings/losses</b>	<b>-157.8</b>	<b>-6.2</b>	<b>-164.0</b>	<b>8.9</b>	<b>36.3</b>	<b>29.4</b>	<b>58.9</b>	<b>31.5</b>	<b>(+2.0)</b>	<b>51.0</b>
Income/losses before equity in earnings	-97.0	0.7	-96.3							
Minority interests in earnings of subsidiaries	-1.0	-0.2	-1.2	-2.2	-3.2	-1.9	-3.0	-1.5	(-0.5)	-3.0
<b>Equity in earnings/losses -net *</b>	<b>-1.0</b>	<b>2.4</b>	<b>1.4</b>	<b>6.9</b>	<b>13.4</b>	<b>7.4</b>	<b>15.6</b>	<b>12.5</b>	<b>(+4.3)</b>	<b>16.0</b>
Restructuring costs in equity in earnings/losses	-8.0	-12.3	-20.3			-1.3	-1.3		(+1.3)	
<b>Net income/loss</b>	<b>-107.0</b>	<b>-9.4</b>	<b>-116.4</b>	<b>17.8</b>	<b>30.3</b>	<b>19.7</b>	<b>34.6</b>	<b>24.2</b>	<b>(+4.5)</b>	<b>37.0</b>

\* excluding restructuring costs

## 2. Consolidated Financial Results for 1st Half FY2004

(billions of yen)	1st Half FY03	1st Half FY04	(Variance)
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Gross trading profit *	198.6	211.4	(+12.8)
SGA expenses *	-161.0	-167.9	(-6.9)
Adjusted operating profit	37.5	43.5	(+5.9)

Dividends received	4.4	4.9	(+0.5)
Equity in earnings *	8.2	12.5	(+4.3)

<b>Core earnings</b>	<b>50.1</b>	<b>60.9</b>	<b>(+10.8)</b>
Interest expense-net	-10.8	-12.6	(-1.7)
<b>Total</b>	<b>39.2</b>	<b>48.3</b>	<b>(+9.1)</b>

<b>Net income</b>	<b>19.7</b>	<b>24.2</b>	<b>(+4.5)</b>
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\*excluding restructuring costs

Sep. 2003	Sep. 2004	(Variance)
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<b>Total assets</b>	4,263.5	4,073.0	(-190.5)
<b>Net interest-bearing debt</b>	2,168.0	1,978.0	(-190.0)
<b>Shareholders' equity</b>	304.2	407.4	(+103.2)
<b>Net D/E ratio</b>	7.13 times	4.86 times	(-2.27points)

FY03 Results	FY04 Yearly Pros.	(Variance)
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409.5	435.0	(+25.5)
-330.0	-342.0	(-12.0)
79.4	93.0	(+13.6)

7.2	6.0	(-1.2)
15.6	16.0	(+0.4)

<b>102.2</b>	<b>115.0</b>	<b>(+12.8)</b>
-23.5	-28.0	(-4.5)
<b>78.7</b>	<b>87.0</b>	<b>(+8.3)</b>

<b>34.6</b>	<b>37.0</b>	<b>(+2.4)</b>
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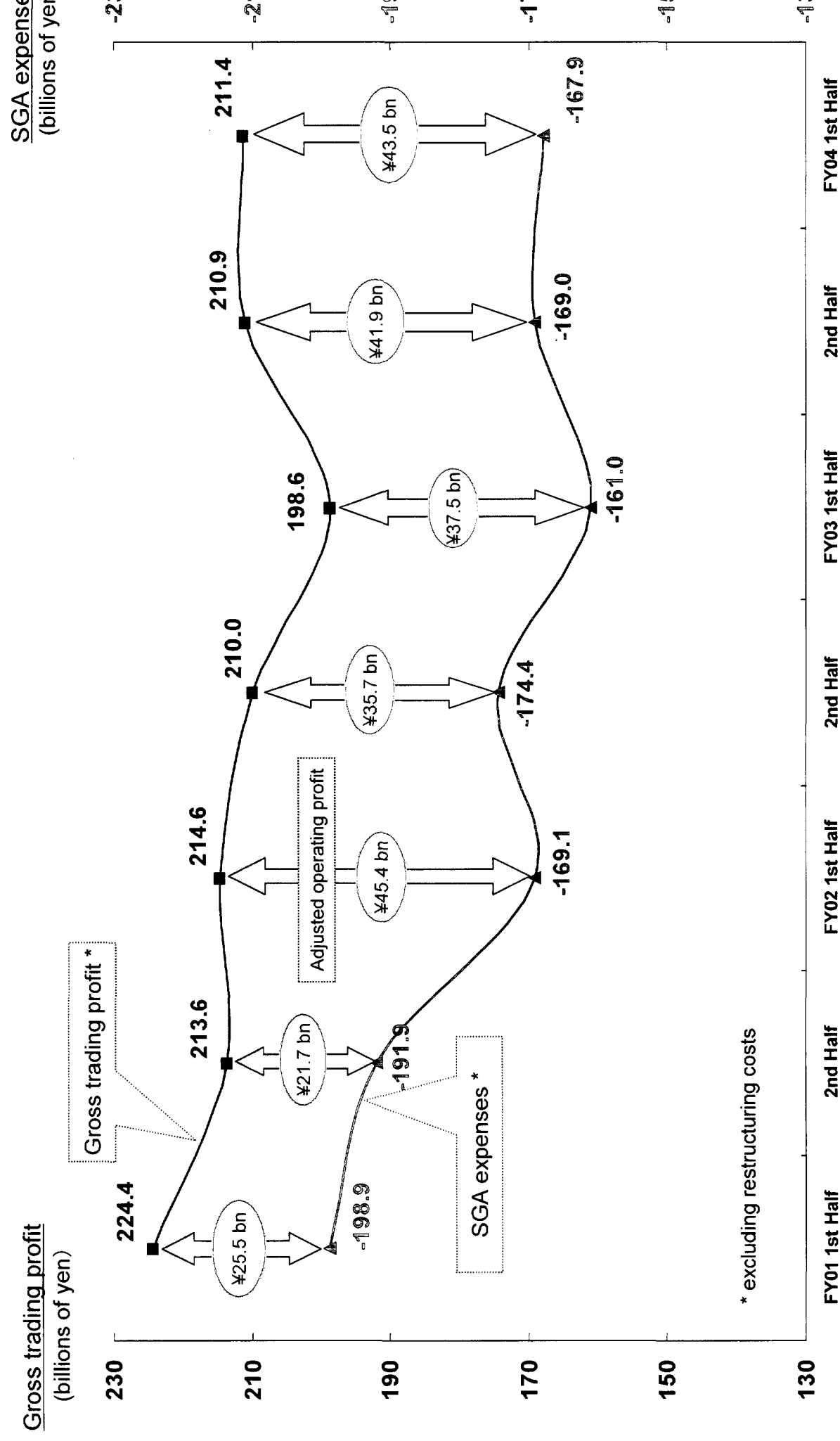
Mar. 2004	Pros. For Mar. 2005	(Variance)
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4,254.2	4,100.0	(-154.2)
1,969.3	2,000.0	(+30.7)
393.0	425.0	(+32.0)
5.01 times	4.71 times	(-0.30 points)

### 3. Balance Sheets

(billions of yen)	Mar. 01	Mar. 02	Mar. 03	Mar. 04	Sep. 04	(Change from Mar. 04)	Pros. For Mar. 05
Current assets	2,772.8	2,487.6	2,202.1	2,080.0	1,915.9	(-164.1)	
Investment/Fixed assets	2,547.8	2,318.1	2,119.4	2,174.2	2,157.1	(-17.1)	
Total assets	5,320.6	4,805.7	4,321.5	4,254.2	4,073.0	(-181.2)	4,100
Short-term loans (*)	1,311.5	1,247.3	963.3	803.6	627.4	(-176.1)	
Long-term interest-bearing debt	2,116.9	1,937.6	1,781.6	1,651.3	1,648.9	(-2.4)	
Interest-bearing debt	3,428.4	3,184.9	2,745.0	2,454.8	2,276.3	(-178.5)	
(*) including current portion of long-term debt							
Net interest-bearing debt	3,089.8	2,712.9	2,264.1	1,969.3	1,978.0	(+8.7)	2,000
Shareholders' equity	342.3	263.9	260.1	393.0	407.4	(+14.4)	425
Net D/E ratio (times)	9.03 times	10.28 times	8.70 times	5.01 times	4.86 times		4.71 times
Equity ratio (%)	6.43%	5.49%	6.02%	9.24%	10.00%	(+0.76%point)	10.37%
Current ratio (%)	101.80%	101.90%	104.60%	105.90%	107.60%	(+1.70%point)	

## 4. Gross Trading Profit and SGA Expenses



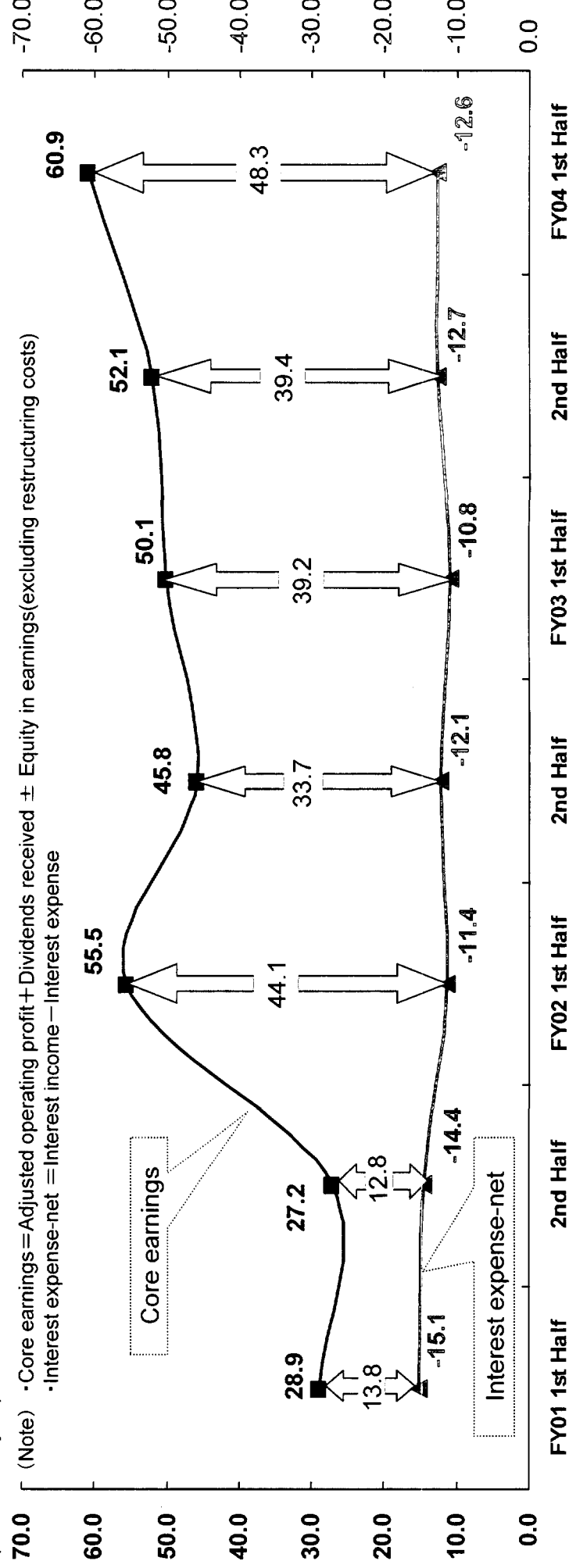
## 5. Core Earnings

(billions of yen)	FY01		FY02		FY03		FY04	
	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Adjusted operating profit	25.5	21.7	45.4	35.7	37.5	41.9	43.5	
Dividend received	4.4	3.1	3.6	3.2	4.4	2.8	4.9	
Equity in earnings (excluding restructuring costs)	-1.0	2.4	6.5	6.9	8.2	7.4	12.5	
<b>Core earnings</b>	<b>28.9</b>	<b>27.2</b>	<b>55.5</b>	<b>45.8</b>	<b>50.1</b>	<b>52.1</b>	<b>60.9</b>	
Interest expense-net	-15.1	-14.4	-11.4	-12.1	-10.8	-12.7	-12.6	
<b>Total</b>	<b>13.8</b>	<b>12.8</b>	<b>44.1</b>	<b>33.7</b>	<b>39.2</b>	<b>39.4</b>	<b>48.3</b>	

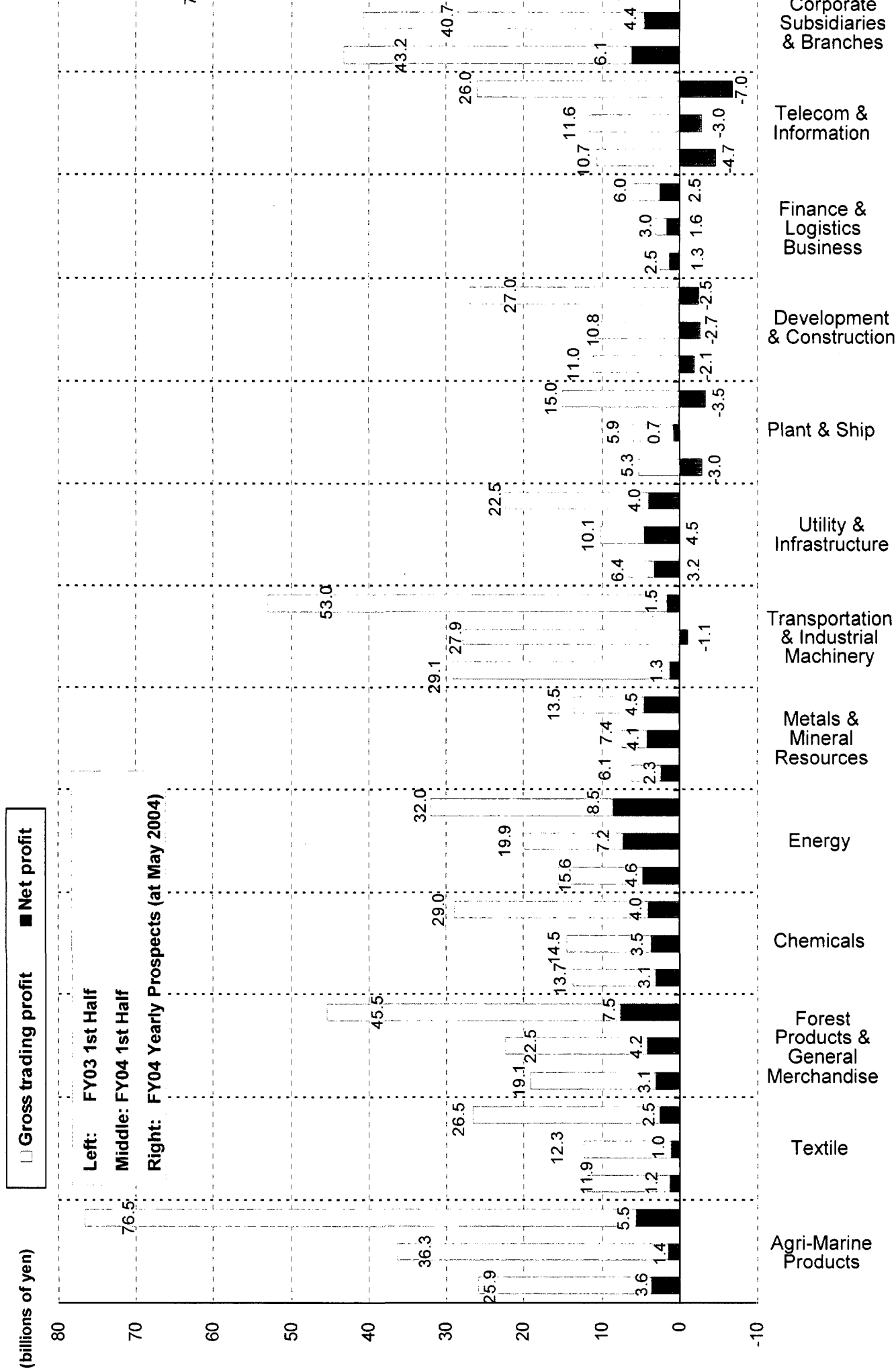
### Core earnings

(billions of yen)

Interest expense-net  
(billions of yen)

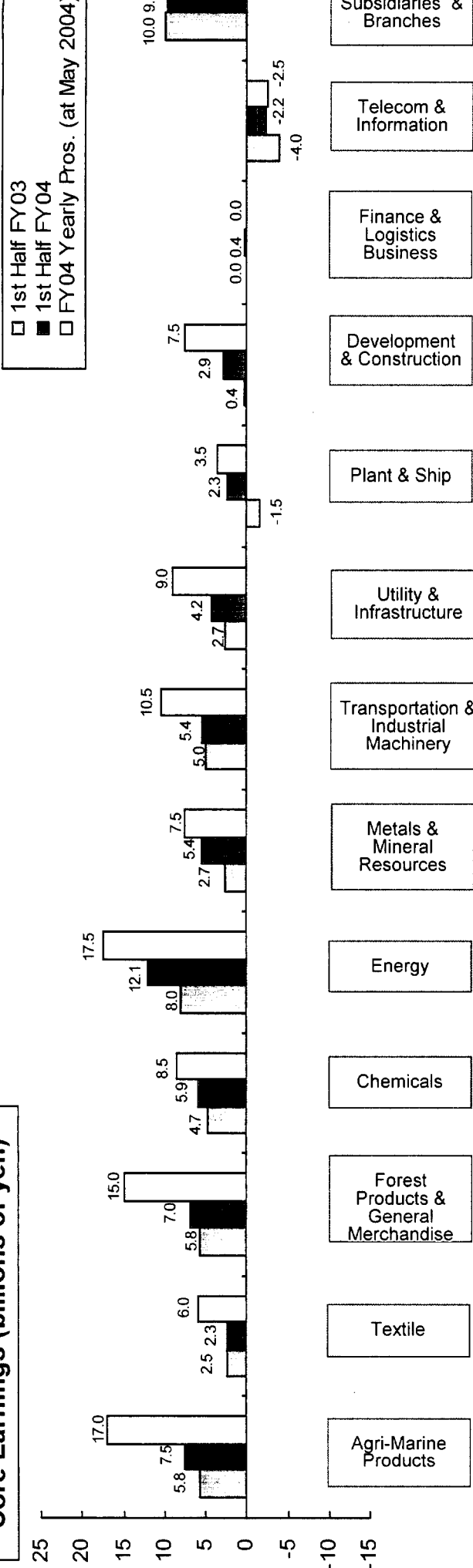


## 6. Gross Trading Profit and Net Profit by Operating Segment

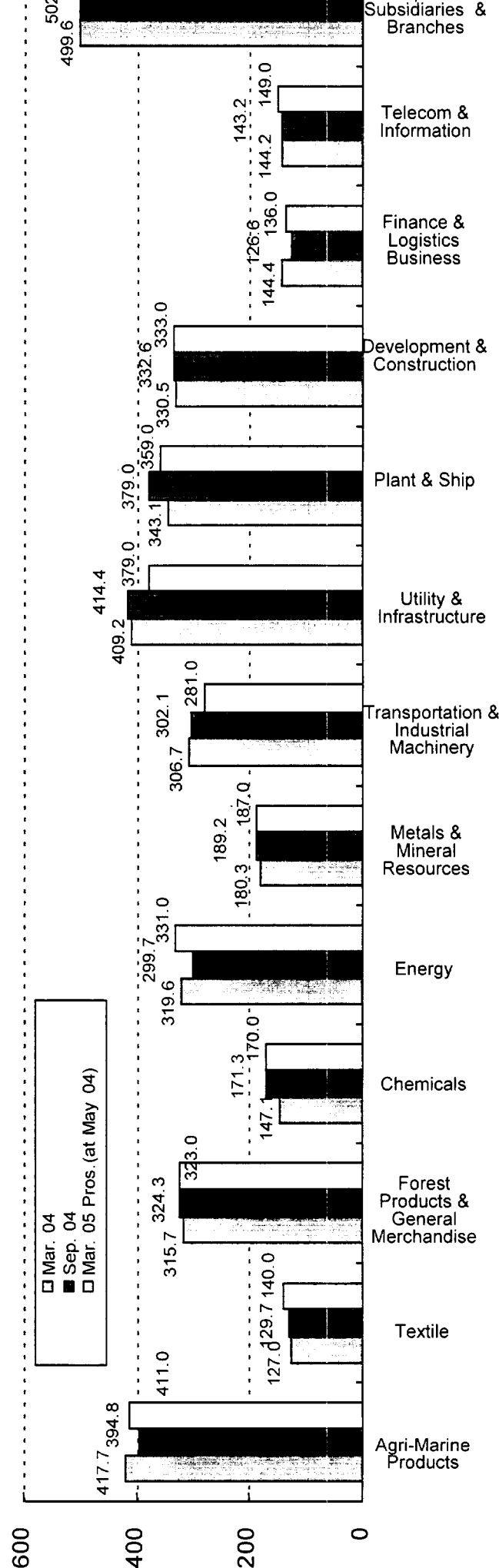


## 7. Core Earnings and Total Assets by Operating Segment

Core Earnings (billions of yen)



Total Assets (billions of yen)





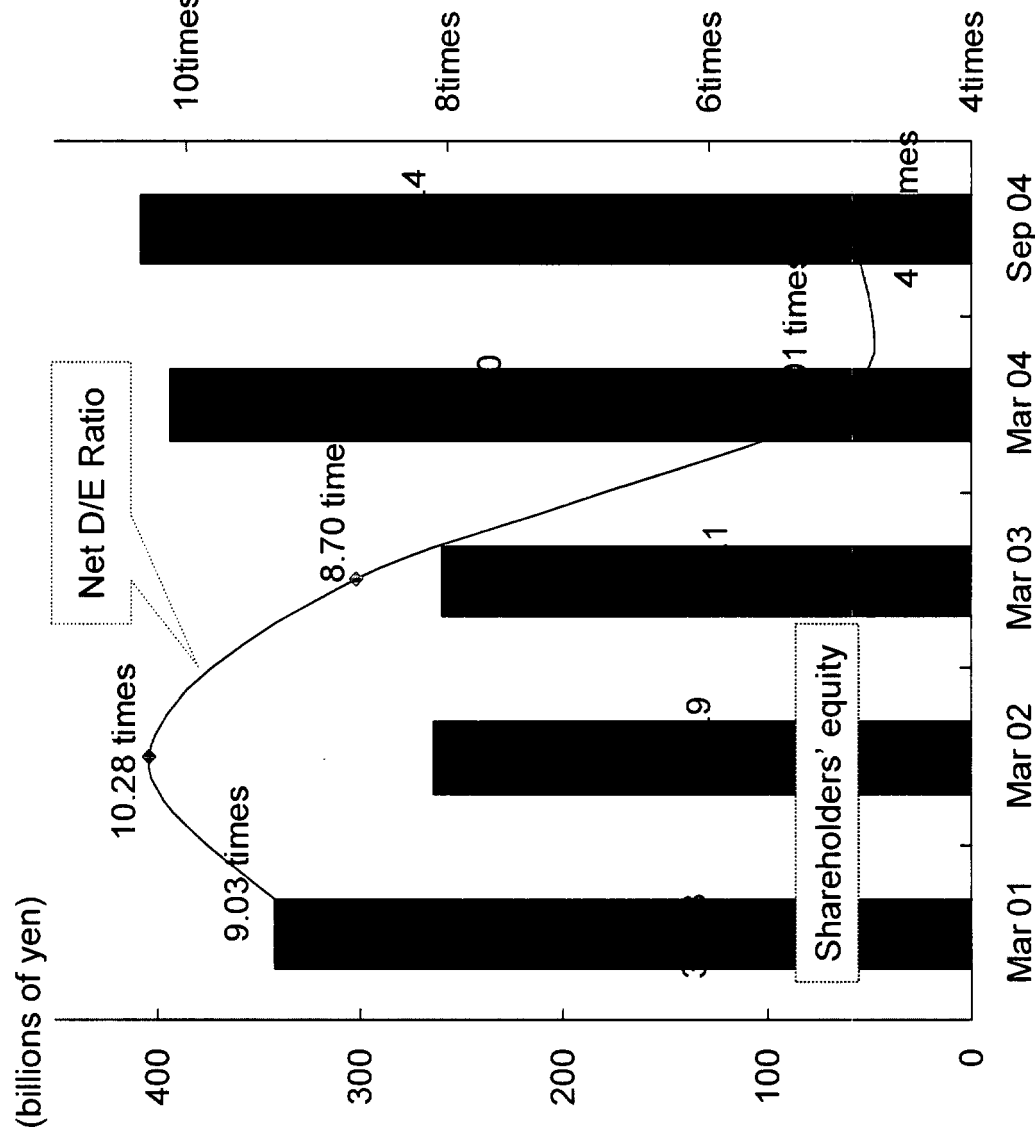
## 8. Cash Flows

(billions of yen)	FY02 Yearly	FY03 Yearly	FY04 1st Half	Major factors during 1st Half FY04
<b>Operating activities</b>				
Net income(losses)	30.3	34.6	24.2	
Adjustments to reconcile net income (losses) to net cash provided by operating activities:				
Depreciation and amortization	63.7	54.3	31.7	
Provision for doubtful accounts	5.7	0.8	2.5	
Other	-2.1	-0.2	-10.5	
	<b>Sub total</b>	<b>54.9</b>	<b>23.6</b>	
Changes in assets and liabilities concerning operating activities:				
Other	91.6	94.5	-6.3	
	5.5	17.7	-6.6	
<b>Net cash provided by operating activities</b>	<b>194.8</b>	<b>201.6</b>	<b>34.8</b>	
<b>Investing activities</b>				
Purchase and sales/redemptions of securities and other investments -net	25.3	54.0	-6.6	
Purchase and sales of property and equipment and property leased to others -net	-11.9	-51.3	-18.0	Purchase of lease assets, business expansion in aluminium area, etc.
Collection of loans receivable -net	103.8	72.3	12.5	Acceleration of collection and disposal of loans receivable.
Other	-4.0	-17.0	12.1	
<b>Net cash provided by investing activities</b>	<b>113.2</b>	<b>58.0</b>	<b>-0.1</b>	
<b>Free cash flows</b>	<b>308.0</b>	<b>259.5</b>	<b>34.8</b>	
<b>Financing activities</b>				
Increase and decrease in interest-bearing debt -net	-295.1	-303.9	-216.4	Decrease in gross interest-bearing debt on the balance sheets - 178.8
Other	1.1	70.0	-6.2	Decrease in gross interest-bearing debt in cash flow - 216.6
<b>Net cash used in financing activities</b>	<b>-294.0</b>	<b>-233.9</b>	<b>-222.6</b>	Difference +37.7
Effect of exchange rate changes on cash and cash equivalents	-14.1	-13.4	1.3	(Breakdown of the difference) Decrease due to the exchange rate +9.9
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>-0.1</b>	<b>12.2</b>	<b>-186.6</b>	Decrease in the impact of FASB133 - 2.2 New consolidation and un-consolidation of group companies +31.1

## 9. Shareholders' Equity

(billions of yen)	Mar. 01	Mar. 02	Mar. 03	Mar. 04	Sep. 04	(Change from Mar. 04)	Pros. for Mar. 05
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Shareholders' equity	342.3	263.9	260.1	393.0	407.4	(+14.4)	425.0
Net DE ratio	9.03 times	10.28 times	8.70 times	5.01 times	4.86 times	(-0.15 points)	4.71 times

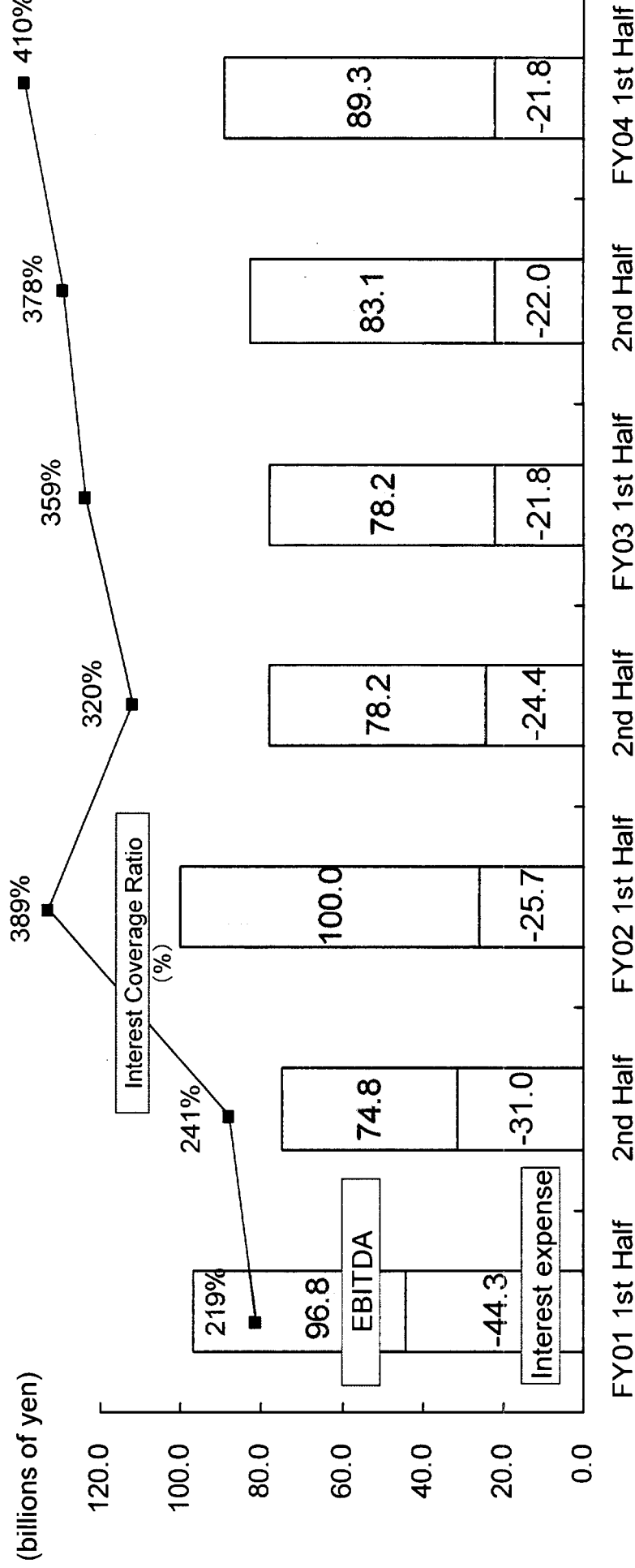


### <Breakdown of Shareholders' Equity as of Sep.04>

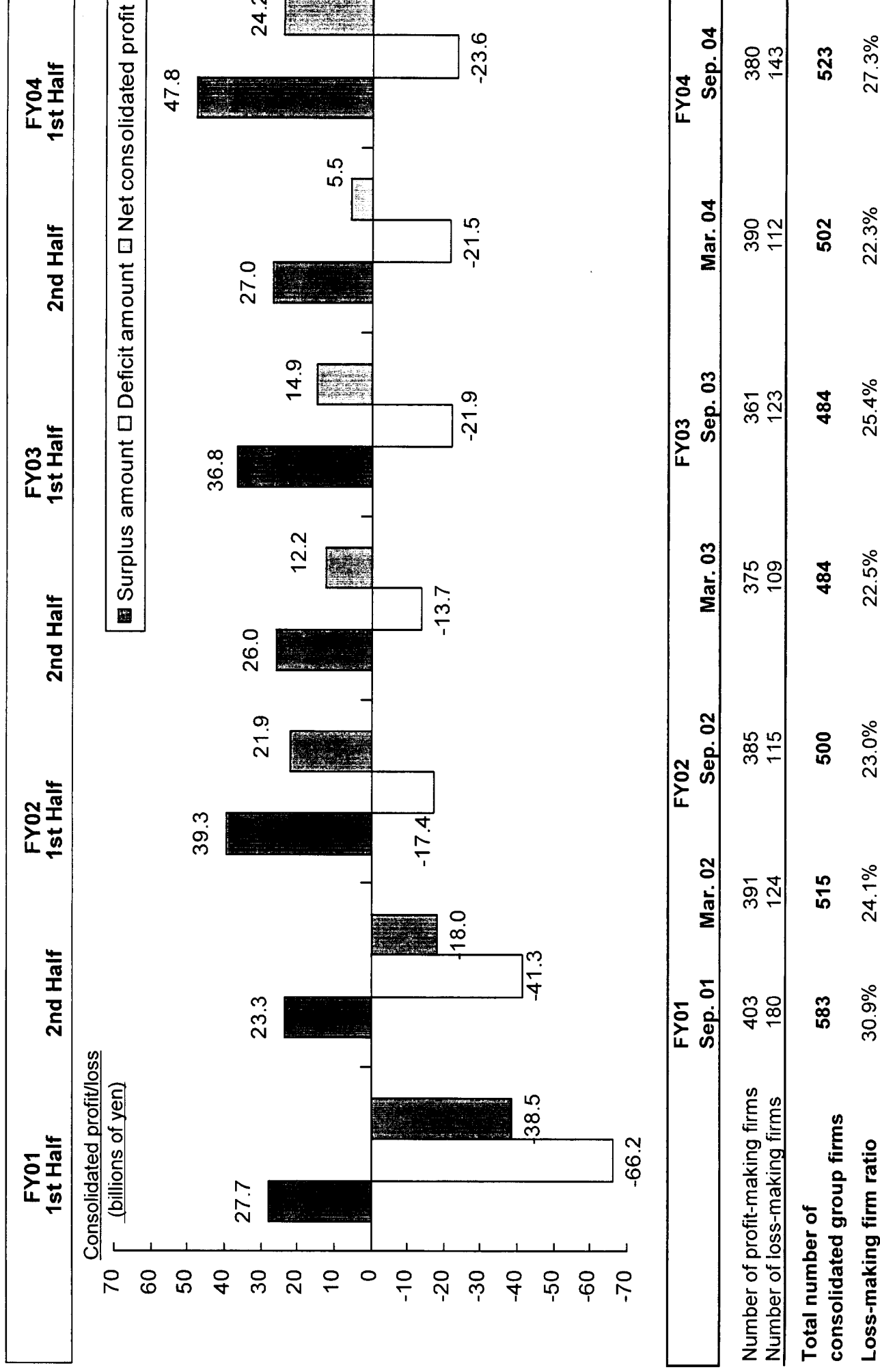
(billions of yen)	Change from Mar. 2004
Common stock and additional paid in capital	357.2 (-)
Retained earnings	114.1 (+19.2)
Net unrealized losses on investment securities	27.6 (-7.4)
Currency translation adjustments	-85.9 (+2.1)
Minimum pension liability adjustment	-0.6 (-)
Net unrealized losses on derivatives	-4.9 (+0.5)
Treasury stocks	-0.1 (-)
Total shareholders' equity	407.4 (+14.4)

## 10. Interest Coverage Ratio

(billions of yen)	FY01		FY02		FY03		FY04	
	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Adjusted operating profit	25.5	21.7	45.4	35.7	37.5	41.9	43.5	43.5
Interest income	29.2	16.6	14.3	12.3	11.0	9.4	9.2	9.2
Dividends	4.4	3.1	3.6	3.2	4.4	2.8	4.9	4.9
Depreciation and amortization	37.7	33.4	36.7	27.0	25.3	29.0	31.7	31.7
Total EBITDA (a)	<b>96.8</b>	<b>74.8</b>	<b>100.0</b>	<b>78.2</b>	<b>78.2</b>	<b>83.1</b>	<b>89.3</b>	<b>89.3</b>
Interest expense (b)	-44.3	-31.0	-25.7	-24.4	-21.8	-22.0	-21.8	-21.8
Interest coverage (a)/(b)	<b>219%</b>	<b>241%</b>	<b>389%</b>	<b>320%</b>	<b>359%</b>	<b>378%</b>	<b>410%</b>	<b>410%</b>



## 11. Number and Consolidated Profits & Losses of Group Firms



## 12. Major Profit-making & Loss-making Firms

Consolidated profit / loss (billions of yen)		FY03 1st Half	FY04 1st Half	FY04 Pros.	Notes
<b>&lt;Major Profit-making firms&gt;</b>					
Subsidiaries	M. America (100%)	2.8	3.4	3.0	Overseas corporate subsidiary in US.
	Sithe Asia (100%)	-	3.3	1.2	IPP in Asia
	San Roque Power (92.5%)	1.1	2.8	4.5	IPP of San Roque Multipurpose Dam Project (Philippines), Y1.1 bn for FY03 is equity in earnings
	Royal Maritime (100%)	0.4	2.4	2.4	Shipping company. Y0.4 bn for FY03 is equity in earnings.
	M. LP Holding (100%)	0.7	1.8	2.4	Investing in Los Pelambres copper mine in Chile
	M. LNG International (100%)	1.6	1.4	2.6	Investment in Qatar LNG projects
	Nacx Nakamura Corporation (70%)	0.2	0.7	1.6	Wholesale, transportation and processing of frozen foods. Y0.2 bn is equity in earnings.
	Koa Kogyo (77.52%)	0.1	0.7	0.7	Manufacturing and sales of cardboard
	M. Energy (66.6%)	0.6	0.6	0.6	Sales of petroleum products
	Marubeni Nisshin Feed Co., Ltd. (60%)	0.3	0.6	0.9	Manufacture of compound feed
Affiliated Companies	Marubeni-Itochu Steel Inc. (50%)	1.7	5.0	3.8	Manufacture, processing, import, export and sales of steel products
	Uni-Mar Energi (33.3%)	2.2	1.8	1.3	IPP in Turkey
	PT Chandra Asri (24.6%)	* -3.2	1.3	-0.5	Manufacture and sales of petrochemical products (Indonesia) (*)including Equity in losses related to impairment charges to its fixed assets(-2.2 billion yen)
	Marusumi Paper Co., Ltd. (32.16%)	0.6	0.6	1.3	Manufacture of printing paper
<b>&lt;Major Loss-making firms&gt;</b>					
Subsidiaries	NPPI (100%)	-0.4	-5.2	-4.8	Marine product processing (U.S.A.)
	Meditec Corporation (100%)	-1.6	-3.1	-3.3	Import sales and maintenance of medical equipment, apparatus and accessories
	MC Estate Co., Ltd. (100%)	-0.9	-2.3	-1.7	Property business
	Global Solution KK (100%)	-0.7	-1.7	-2.1	Internet access service.
	Global Access Ltd. (100%)	-1.4	-1.0	-1.4	Providing bandwidth via own fiber-optic cable
	M. Chikusan Corp. (99.99%)	-1.1	-0.8	-0.4	Livestock related business
Affiliated Companies	MUSI Pulp Project (45%)	-1.4	-0.7	-1.2	Production and sales of pulp (Indonesia)
<b>&lt;Reference&gt;</b>					
	MIECO (100%)	-2.2	0.3	-0.1	Petroleum trading in US
	NEXION Corporation (96.43%)	-0.6	-0.5	-0.6	Video transport service and broadband media service
	Daishowa-Marubeni Int'l (50%)	1.6	0.0	0.8	Manufacturing and sales of pulp
	Japan Cablenet Ltd. (23%)	-0.2	0.0	0.0	CATV and telecommunication operation, and management of CATV operators

# Agenda

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## *I. Financial Results for 1<sup>st</sup> Half FY2004*

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## *II. Marubeni's Strength*

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1. Commodity Trade Business - Agri-marine Products Division
2. Commodity Trade Business – Pulp & Paper
3. Commodity Trade Business – Energy Division
4. Commodity Trade Business – Metals & Mineral Resources
5. Project Solution Service – Overseas IPP, New Markets and Technologies of Power Business
6. Project Solution Service - EPC Business
7. Project Solution Service - Development and Construction Business
8. Business Incubation – New Market / New Technology Applications Field

## *III. “V” PLAN (Medium-Term Management Plan for FY2003-2005)*

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# 1. Commodity Trade Business – Agri-marine Products Division

## FY2003 Import Share Ranking (Company Estimates)

	Rank	Share	Remarks
• Wheat and Barley	No. 1	11%	Columbia Grains, Inc. (US) ← Export Terminal (109 kiloton / Portland, OR) Country Elevator (Montana, Idaho, Washington, North Dakota) Alliance with <i>General Mills</i> (major US-based flour milling company)
• Corn	No. 2	16%	Next to <i>Zen-Noh</i>
• Soy beans for oil	No. 3	16%	Strategic alliance with <i>Archer Daniels Midland</i> (major US-based grain company) (Improvement of traceability through importing of Non-GM crops and other means)
• Coffee beans	No. 2	15%	Owens third-largest instant coffee company in Brazil

## FY2003 Market Share (Company Estimates)

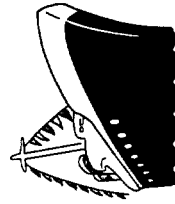
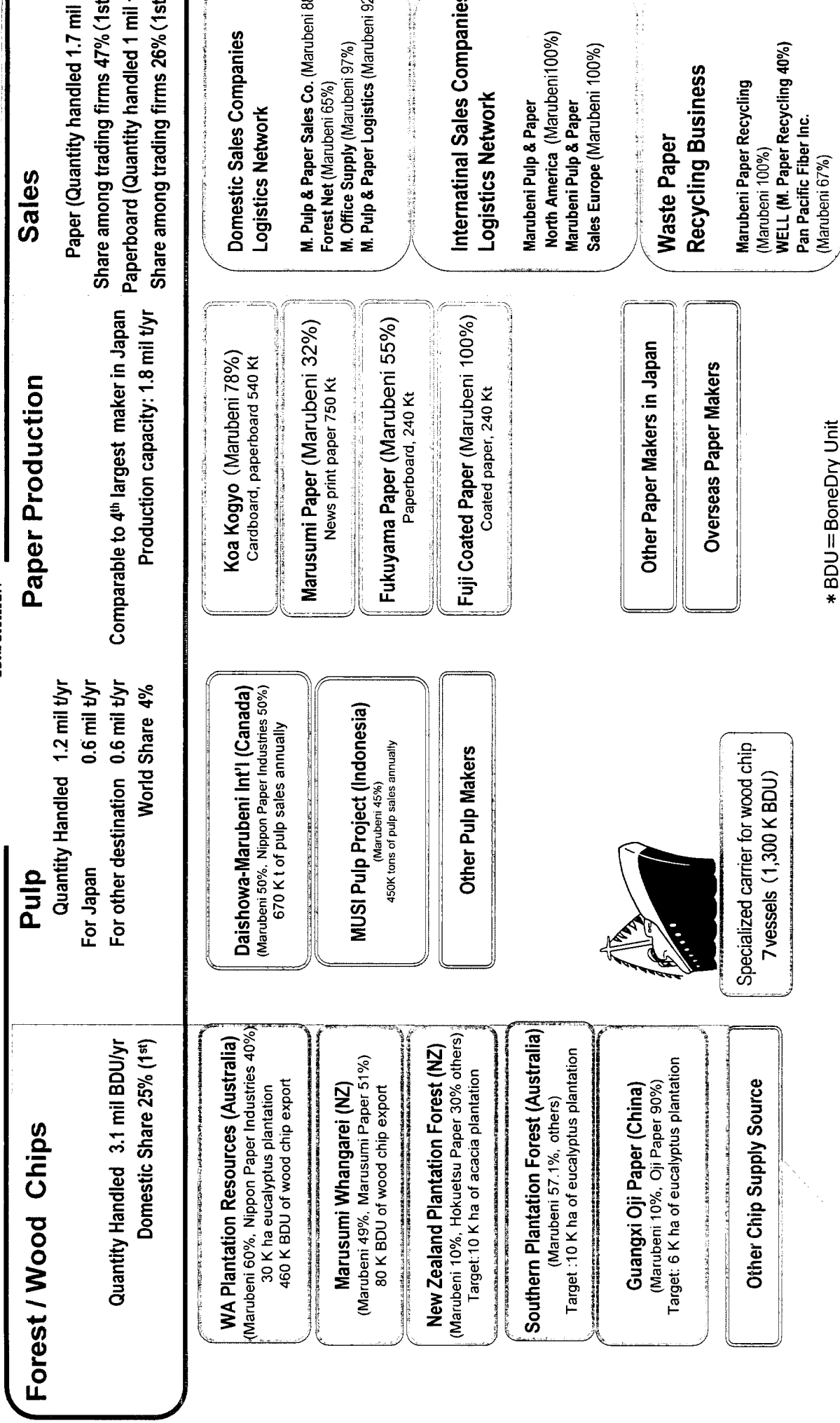
• Edible Oil	No. 1	33%	Nisshin Oil Group (Marubeni holds 15% stake)
• Assorted Feed	No. 2	10%	Marubeni Nisshin Feed Co., Ltd. (Marubeni holds 60% stake) ranked first in trading company category and second after <i>Zen-Noh</i>

## Strategic Alliance with Capital Investments Forming “Marubeni Food Group”, Composed of 34 Companies (Sales Figures for FY2003)

• Wholesale	- Confectioneries	Yamaboshiya	(45% stake; ¥196.7 billion in sales, No. 1 in Japan)
	- Frozen and chilled food	Nacx Nakamura	(70% stake; ¥ 114 billion in sales, No. 2 in Japan)
• Retail	- Supermarkets	The Maruetsu Inc.	(28.8% stake, ¥358.1 billion in sales, 279 stores, No. 1 in the Tokyo Metropolitan Area)
		Tobu Store	(12.5% stake; ¥81.4 billion in sales, 47 stores)
• Metro Cash & Carry Japan KK		Joint Venture with Germany-based <i>Metro AG</i>	(ranked 5 <sup>th</sup> in the world among food retailers)
		Opened 1st store in Chiba in December 2002 and 2nd store in Kawaguchi in February 2003	

## 2. Commodity Trade Business – Pulp & Paper

### Marubeni CORPORATION



Specialized carrier for wood chip  
7 vessels (1,300 K BDU)

\* BDU = BoneDry Unit

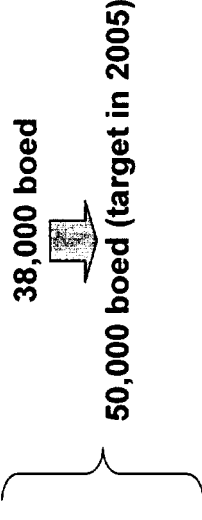


### 3. Commodity Trade Business – Energy Division

#### Energy Resource Exploration

##### • Crude Oil

- Additional concessions acquisition in North Sea Oil Field (UK) of 12,000 boed (barrels of oil equivalent per day) in October 2004.  
Marubeni's concessions amounts 38,000 boed, including existing North Sea Oil Field, Gulf of Mexico, Ravva Oil and Gas Field (India).
- Sakhalin I Project (Russia): Preparing towards the production of a maximum of 250,000 boed for entire site



##### • LNG (Liquefied Natural Gas)

- 7.5% stake in Qatar Liquefied Gas Co., Ltd.
- ✓ Annual production: 8.5 million MT (of which 6.0 million MT to Japan → 11% share of LNG imports of Japan)
- ✓ Long term supply contract (until 2021) with power and city gas companies → Stable business foundation
- ✓ Annual production capacity: Increase to 10 million MT by 2006

#### Energy Trading & Marketing (Retail)

- Naphtha      5.5 million MT/yr imported to Japan ← 26% share --- No. 1 importer to Japan
- LPG          1.2 million MT/yr imported to China ← 18% share --- No. 1 importer to China
- Petroleum distribution and retail business in Japan

Petroleum sales through gas stations operations (Marubeni Energy maintains 750 locations in Japan)

LPG wholesale and retail (Marubeni Gas Energy/ 800 thousand MT/yr)

Import and distribution terminal operation (Marubeni Ennex/ Capacity: Petroleum 540,000 kl, LPG 160 K tons)

## 4. Commodity Trade Business – Metals & Mineral Resources

Investment into resource interests ensures stable supply source. Long-term contracts and the future markets allows stabilization of profits.

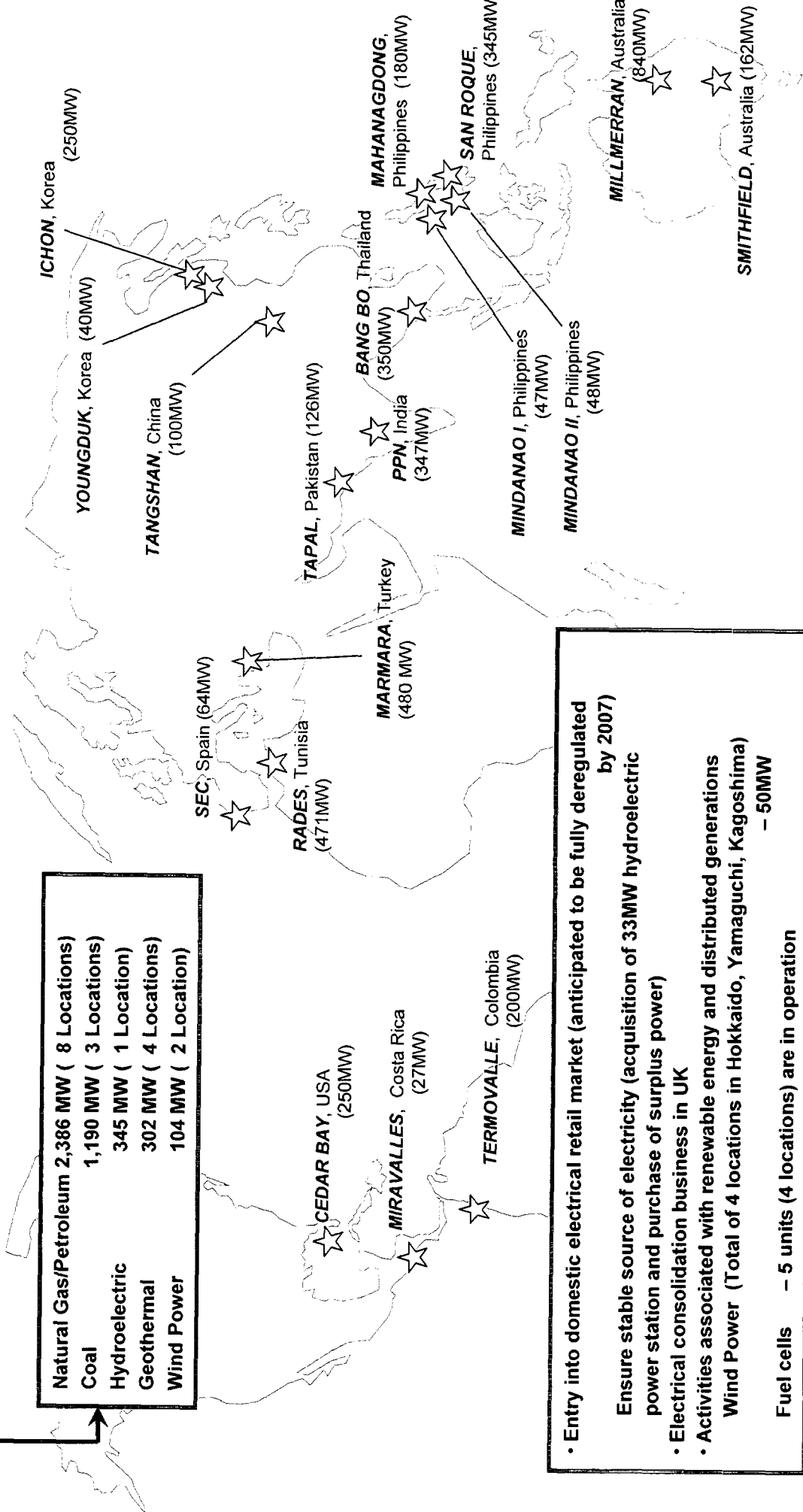
		Project	Interest	Handled by the Company (FY2003)		Remarks
Aluminum	(Canada)	Alouette	6.67%	16 K tons	278K tons	The Company handles 15% of the approximately 2 million tons of total aluminum imported to Japan. In exploration imports, Marubeni is No.1 among trading firms. In addition, the Company handles 150K tons in Europe and US. Alouette aluminum smelter is expected to increase total production from 240K tons to 550K tons in 2004.
	(Australia)	Portland	22.50%	78 K tons		
		Boyne	3.62%	41 K tons		
	(Venezuela)	Venalm	0.96%	111 K tons		
		2 others		32 K tons		
Copper	(Chile)	Los Pelambres	8.75%	229 K tons	424K tons	Among large copper mines in Chile, the Los Pelambres Mine, which began production in 1999, is the most competitive. Marubeni is the only Japanese trading company that invests in zinc smelters.
	(Canada)	Huckleberry	6.25%	130 K tons		
Zinc	(Peru)	Cajamarquilla	14.03%	36 K tons		
	(Australia)	MacArthur River	5.00%	29 K tons		
Iron ore	(Brazil)	MBR	7.50%	500 K tons	2,650K tons	Among open-air coal mines in Australia, Jellinbah East and Hail Creek Coal Mines are top class when it comes to cost competitiveness.
Coal	(Australia)	Macquarie (Coking/Thermal)	17.00%	240 K tons		
		Jellinbah East (Coking/Thermal)	15.00%	1,350 K tons		
		Coppabella (Coking)	7.00%	200 K tons		
		Moorevale (Coking/Thermal)	7.00%	50 K tons		
		Hail Creek (Coking)	5.33%	230 K tons		
		Dartbrook (Thermal)	15.50%	580 K tons		

## 5. Project Solution Service

### – Overseas IPP\*, New Markets and Technologies of Power Business

**Int'l IPP Total Power Generating Capacity - 4,327MW (13 countries, 18 locations) as of September 2004**

Natural Gas/Petroleum 2,386 MW ( 8 Locations)  
Coal 1,190 MW ( 3 Locations)  
Hydroelectric 345 MW ( 1 Location)  
Geothermal 302 MW ( 4 Locations)  
Wind Power 104 MW ( 2 Location)



• Entry into domestic electrical retail market (anticipated to be fully deregulated by 2007)

Ensure stable source of electricity (acquisition of 33MW hydroelectric power station and purchase of surplus power)

• Electrical consolidation business in UK

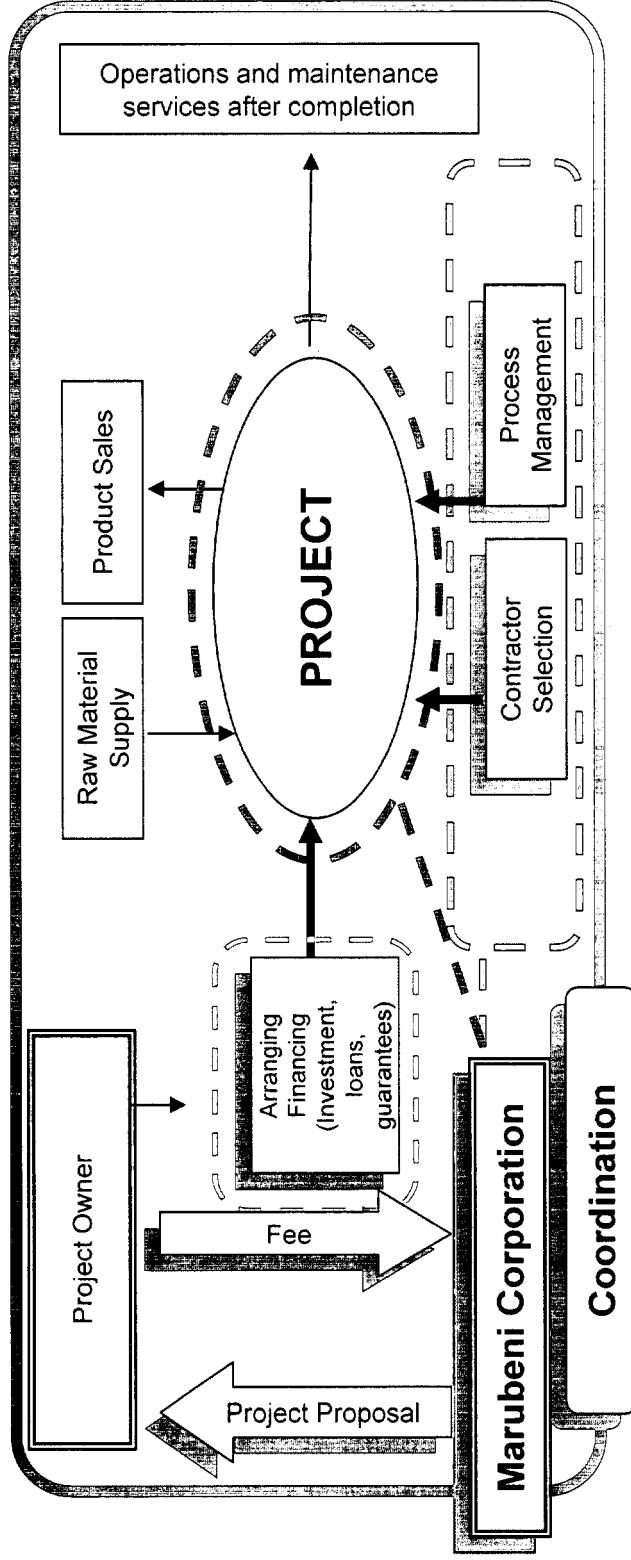
• Activities associated with renewable energy and distributed generations  
Wind Power (Total of 4 locations in Hokkaido, Yamaguchi, Kagoshima)

– 50MW

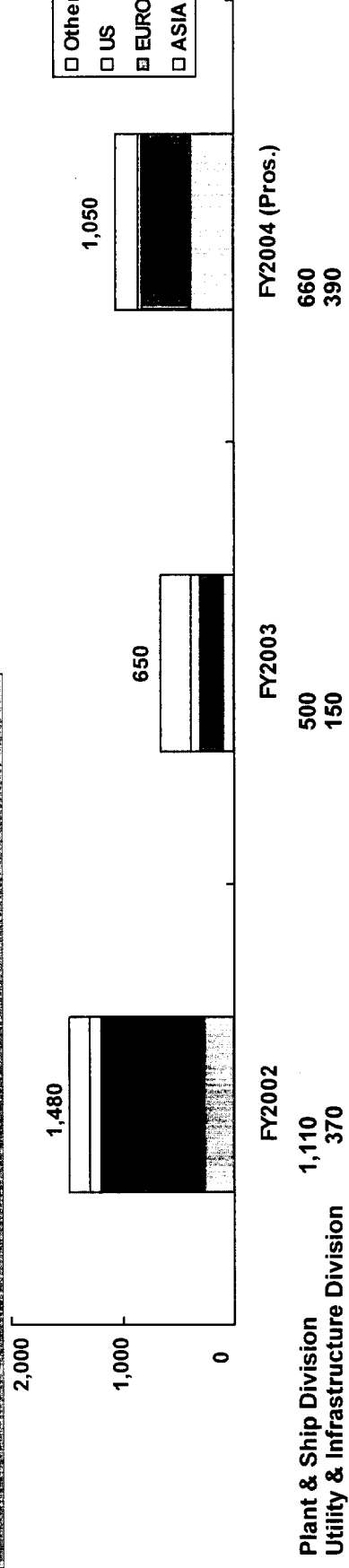
Fuel cells – 5 units (4 locations) are in operation

## 6. Project Solution Service – EPC\* Business

\* EPC: Engineering  
Procurement and  
Construction  
Turnkey construction  
contracting on a variety of  
projects (power generation,  
fuel, environmental, energy  
chemicals, industrial plant  
etc.)



Signed Contracts (Units: billions of yen, actual numbers other than FY2004)



## 7. Project Solution Service – Development & Construction Business

### In Japan



#### • Major condominium developer in Japan

- ✓ Steady annual supply in the range of 2,500 units/yr – FY2003: 14<sup>th</sup> in Japan (12<sup>th</sup> in the Tokyo Metropolitan Area, 12<sup>th</sup> in the Kinki Region)
  - ✓ Established *FAMILLE* brand condominiums; supplied approximately 69,000 units since 1963
  - ✓ Company plans to supply specialized units through its *Grand-Suite* brand, taking over *FAMILLE* brand.
- 9<sup>th</sup> Largest Condominium Management Company in Japan (Benny Estate Service ← Marubeni holds 80% stake)
- ✓ Approximately 106,000 units managed (as of March 2004) to ensure through after-sales quality.
- Broadband ISP for condominiums (Tsunagu Network Communications ← Marubeni holds 60% stake, Mitsubishi Estate 20%, Tokyo Tatemono 20%)
- ✓ 74,300 units have signed contracts (as of October 1, 2004)

## MARUBENI GRAND-SUITE

### In China

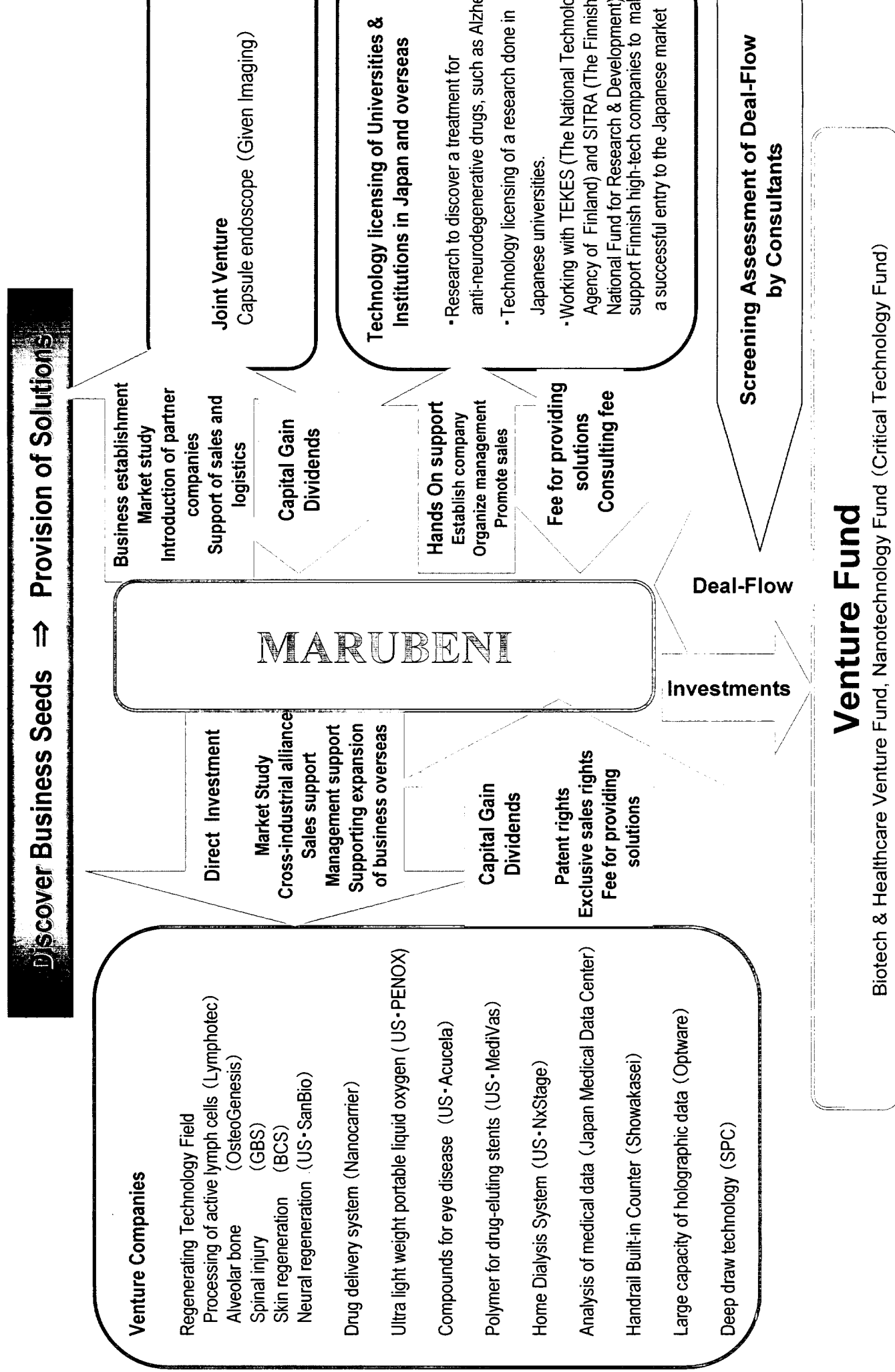


#### • One of the first Japanese real-estate developers in China

- ✓ Beginning in 1985, the Company has started rental housing business for expatriates based in Shanghai. Business expanded into Dalian, as well.
- ✓ In 1998, the Company began sales of condominiums/houses to Chinese citizens in Shanghai.
- ✓ The Company has sold approximately 2,600 units (townhouses: approx. 900 units, condominiums: approx. 1,700 units). Approx. 220 units of detached houses are scheduled to be sold in 2004.

## 8. Business Incubation

### - New Market / New Technology Applications Field



## **Agenda**

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| <i>III. "V" PLAN (Medium-Term Management Plan for FY2003-2005)</i>   | <i>.....</i> | <i>p 21 - 24</i> |
| <div><div>1. Management Initiatives</div><div>2. Portfolio Management</div><div>3. Financial Targets</div><div>4. Priority Fields and Priority Markets</div></div> |              |                  |

## 1. Management Initiatives

### Business Strategy

*Marubeni practices sound and strong operation through implementation of a diversified business model strategy. Each of our model is based upon risk-return and cash flow management*

### Measures

#### Clarification of Management Strategy by Business Model

- ✓ Commodity Trade
- ✓ Project Solution Service
- ✓ Business Incubation

#### Portfolio Management

- ✓ Adoption of Portfolio Unit System  
(Segmented Managerial Units)
- ✓ Strategic Classification of Portfolio Unit  
(Prioritized allocation of management resources)

#### Reinforcement of Risk Management

#### Cash Flow Conscious Management

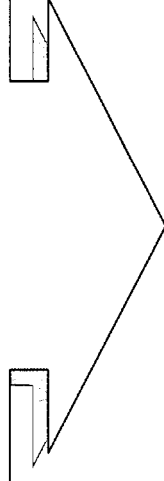
#### Strengthening of Corporate Compliance Structure

Customer-oriented

Advanced and Combined Functions

Value Creation

Challenge the Future



### Management Tasks

#### Improvement in Financial Structures

- ✓ Enlargement of Shareholders' Equity
- ✓ Reductions in Net Interest-bearing Debt

#### Strengthening of Profit Bases



## 2. Portfolio Management

### (1) Clarification of Management Benchmarks

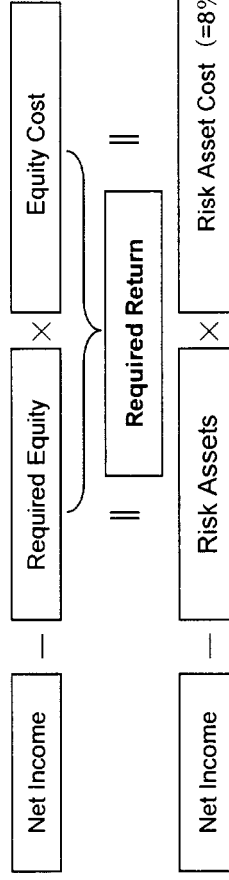
Establish PATRAC (Profit After Tax less Risk Asset Cost) as the most important managerial guideline to pursue optimal risk-return management.

#### PATRAC

**PATRAC** = Net Income - Risk Assets x 8%

Benchmark: PATRAC > 0

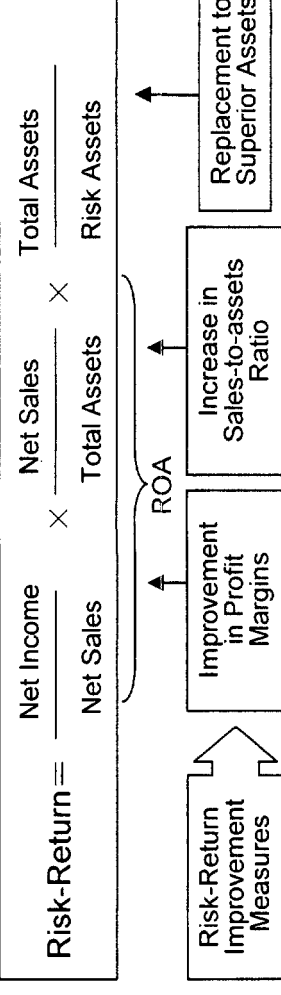
- During the "V" Plan (FY2003 – FY2005), Risk Asset Cost (Equity cost) is taken to be 8%



- ◆ PATRAC judges net contribution (positive or negative toward Net Income, incorporating the concept of Equity Cost).
- ◆ Calculate PATRAC, assuming that Marubeni's Required Equity equals Risk Assets (set at maximum conceivable loss) and Equity Cost equals Risk Asset Cost (8%).
- ◆ Adopt PATRAC as evaluation criteria for portfolio units and consolidated subsidiaries.
- ◆ Use 10% as benchmark for future Risk Asset Cost (=Equity Cost)

#### Risk-Return

$$\text{Risk-Return (\%)} = \frac{\text{Net Income}}{\text{Risk Assets}}$$



### 3. Financial Targets

(Billions of yen)		FY2005 Targets
Net Interest-bearing Debt Shareholders' Equity Risk Assets	2,000 400~500 (Note 1) 580	
Net Income Core Earnings (Note 2)	50 140	
Risk-return (Note 3) Net D/E Ratio	8.6% 4.0~5.0 times	

(Note 1) Including capital enhancement

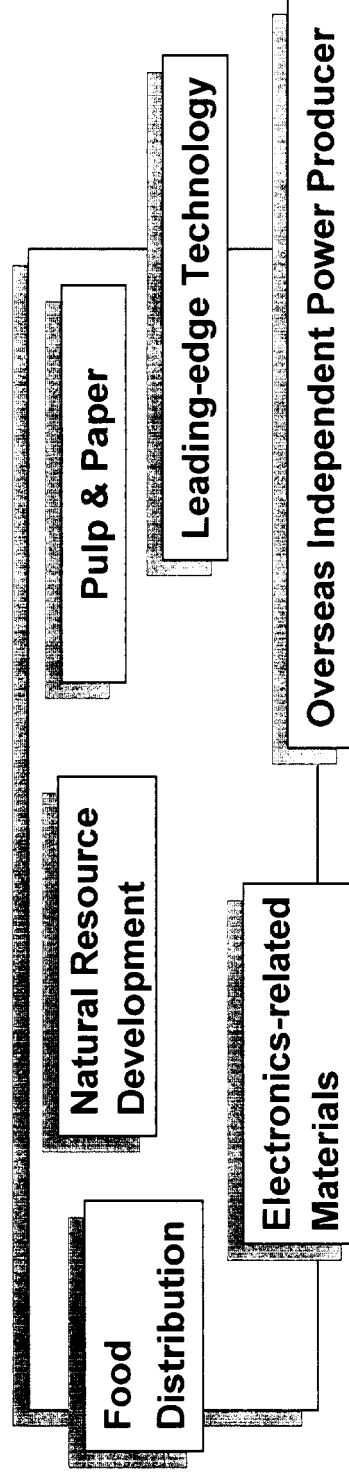
(Note 2) Core earnings = Operating Profit (excluding Provision for Doubtful Accounts) + Equity in Earnings (loss) + Dividends

$$(Note\ 3)\ Risk\text{-}return = \frac{Net\ Income}{Risk\ Assets}$$

## 4. Priority Fields and Priority Markets

### <Priority Fields>

Adoption of strategy to dedicate managerial resources of capital and human resources to priority fields.



### <Priority Markets>

**Asia, especially China**

While the domestic market remains key, Marubeni ranks Asia, especially China, as an important area, in terms of production bases and consumer markets. Marubeni will use its expertise to expand proven business models in those markets.



# **Interim Financial Results for FY2004**

## **Contents**

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#### **<Reference>**

Summary of Consolidated Financial Statements for 1<sup>st</sup> Half FY2004

#### **Disclaimer Regarding Forward-Looking Statements**

This document contains forward-looking statements about the performance of Marubeni and its Group companies, based on management's assumptions in light of current information. The following factors may therefore influence actual results.

These factors include consumer trends in Japan and in major global markets, private capital expenditures, currency fluctuations, notably against the U.S. dollar, materials prices, and political turmoil in certain countries and regions.

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I. Consolidated Financial Results  
for 1<sup>st</sup> Half FY2004

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## 1. Consolidated Statements of Income

	Millions of yen			
	Six months ended September 30			
	2004	2003	Variance	Ratio
<b>Revenues:</b>				
Revenues from trading and other activities	¥ 1,459,747	¥ 1,285,487	¥ 174,260	13.6 %
Commissions on services and trading margins	76,011	72,437	3,574	4.9 %
Total	1,535,758	1,357,924	177,834	13.1 %
Cost of revenues from trading and other activities	- 1,324,399	- 1,159,374	- 165,025	14.2 %
Gross trading profit	211,359	198,550	12,809	6.5 %
<b>Expenses and other:</b>				
Selling, general and administrative expenses	- 167,909	- 161,041	- 6,868	4.3 %
Loss from transfer of the substitutional portion of Japanese Welfare Pension Fund	- 1,453	-	- 1,453	-
Provision for doubtful accounts	- 2,471	1,450	- 3,921	-
Interest income	9,187	11,003	- 1,816	- 16.5 %
Interest expense	- 21,751	- 21,843	92	- 0.4 %
Dividends received	4,917	4,379	538	12.3 %
Impairment loss on investment securities	- 2,645	- 7,908	5,263	- 66.6 %
Gain (loss) on sales of investment securities	11,465	9,725	1,740	17.9 %
Gain (loss) on property and equipment	- 2,667	- 530	- 2,137	403.2 %
Other – net	- 6,529	- 4,326	- 2,203	50.9 %
Total	- 179,856	- 169,091	- 10,765	6.4 %
Income (loss) before income taxes and equity in earnings (losses) of affiliated companies	31,503	29,459	2,044	6.9 %
Provision for income taxes	- 18,293	- 15,564	- 2,729	17.5 %
Income (loss) before equity in earnings (losses) of affiliated companies	13,210	13,895	- 685	- 4.9 %
Minority interests in consolidated subsidiaries	- 1,538	- 1,082	- 456	42.1 %
Equity in earnings (losses) of affiliated companies-net (after income tax effects)	12,487	6,890	5,597	81.2 %
Net income (loss)	¥ 24,159	¥ 19,703	¥ 4,456	22.6 %
Basic earnings per share (yen)	¥ 16.18	¥ 13.19	¥ 2.99	22.7 %
Diluted earnings per share (yen)	13.06	12.32	0.74	6.0 %
Total volume of trading transactions (Based on Japanese accounting practice)	¥ 3,742,718	¥ 3,825,357	¥ - 82,639	- 2.2 %
Operating profit (Based on Japanese accounting practice)	39,526	38,959	567	1.5 %

(Note 1) These financial statements are based on US GAAP. (Revenue is presented in accordance with FASB Emerging Issue Task Force (EITF) 99-19.)

(Note 2) From this term, items in the financial statements are presented in accordance with US accounting customs and practice. Minority interests in consolidated subsidiaries, which was contained in Other-net, has been independently presented below Equity in earnings of affiliated companies-net (after income tax effects) since FY2003. Certain reclassifications have been made in the financial statements for the 1<sup>st</sup> Half FY2003 in order to conform to the presentation for the 1<sup>st</sup> Half FY2004 financial statements.

(Note 3) Loss from transfer of the substitutional portion of Japanese Welfare Pension Fund is the net amount of the settlement loss on the transfer of the benefit obligation related to the substitutional portion of 14,858 million yen (including the extinguishment of the obligation for anticipated future salary increases of 1,064 million yen), and the subsidy of 13,405 million yen, which is a difference between the obligation settled and the assets transferred to the government.

	(billions of yen)	1st Half FY2004	Variance year-on-year	1st Half FY2004	Variance year-on-year	(Main reasons for increase/ decrease of Gross trading profit)
Agri-Marine Products		483.5	102.3	36.3	10.4	Increase mainly in feed grain and distribution
Textile		174.3	2.3	12.3	0.3	Improvement both in raw materials and finished products
Forest Products & General Merchandise		394.6	13.0	22.5	3.4	Increase in paper related companies, improvement of profitability of woodchip business, and increase in plywood transactions
Chemicals		317.6	38.8	14.5	0.8	Increase in basic chemicals as well as in affiliated companies
Energy		813.4	- 195.5	19.9	4.3	Increase in petroleum related transactions and the rights in natural resources fields
Metals & Mineral Resources		300.7	57.7	7.4	1.3	Increase in sales due to rise in price of coal/ non-ferrous metals
Transportation & Industrial Machinery		368.7	24.7	27.9	- 1.2	Decrease due to a decline mainly in the transactions of automotive and construction machinery field
Utility & Infrastructure		127.8	- 6.7	10.1	3.7	Increase in Taiwan express railways and Sithe
Plant & Ship		202.3	- 81.6	5.9	0.6	Increase due to newly included subsidiaries of affiliates, a decline in energy and chemical plant and ship related transactions
Development & Construction		58.4	- 9.3	10.8	- 0.1	Decrease due to a drop in domestic transactions, and an increase in overseas housing projects
Finance & Logistics Business		10.6	1.3	3.0	0.5	Increase in fund related profits
Telecom & Information		84.6	3.3	11.6	0.9	Increase in content sales and communication operating business
Domestic Branches and Offices		67.7	- 7.6	2.0	- 0.1	Transitions remaining the same as the same period of the previous year
Overseas Corporate Subsidiaries		579.6	3.7	38.7	- 2.4	Effects of fluctuations in exchange rates
Corporate & elimination, etc.		- 241.0	- 29.2	- 11.5	- 9.5	
Consolidated		3,742.7	- 82.6	211.4	12.8	

	(billions of yen)	1st Half FY2004	1st Half FY2003	Variance
Revenue		1,535.8	1,357.9	177.8

## 2. Expenses:

		1st Half FY2004	1st Half FY2003	Variance	(billions of yen)
Selling, general and administrative expenses		- 167.9	- 161.0	- 6.9	
(Personnel expenses)	(	- 80.4)	( - 78.9)	( - 1.5)	
(Transportation expenses)	(	- 6.9)	( - 6.1)	( - 0.8)	
(Service commissions)	(	- 10.7)	( - 6.4)	( - 4.3)	
(Depreciation expenses)	(	- 11.0)	( - 10.6)	( - 0.4)	
Loss from transfer of the substitutional portion of Japanese Welfare Pension Fund	-	1.5	-	( - 1.5)	
Provision for doubtful accounts	-	2.5	1.5	- 3.9	
Total	-	171.8	- 159.6	- 12.2	

(Main reasons for increase/ decrease)

## 3. Financial Expenses:

		1st Half FY2004	1st Half FY2003	Variance	(billions of yen)
Interest income		9.2	11.0	- 1.8	
Interest expense	-	21.8	- 21.8	0.1	
(Interest - net)	(	- 12.6)	( - 10.8)	( - 1.7)	
Dividends		4.9	4.4	0.5	
Total	-	7.6	- 6.5	- 1.2	

(Main reasons for increase/ decrease)

Decrease in assets

(Breakdown of dividends)

Parent: 2.6, Overseas subsidiaries: 2.0

## 4. Gain (loss) on investment securities:

		1st Half FY2004	1st Half FY2003	Variance	(billions of yen)
Gain (loss) on sales of investment securities		11.5	9.7	1.7	
Impairment losses on investment securities	-	2.6	- 7.9	5.3	
Total		8.8	1.8	7.0	

<Main reasons for increase/ decrease of Gain/loss on investment securities

(Variance from same period of the previous year)  
Profit on sale of listed stock 3.3 (-2.1), profit on sale of unlisted stock 4.2 (+4.1), Subsidiaries 3.7 (-0.6)

Sithe related impairment losses from previous year -6.0

## 5. Gain (loss) on property and equipment:

		1st Half FY2004	1st Half FY2003	Variance	(billions of yen)
Gain on sales of property and equipment		1.5	0.6	0.9	
Loss on sales of property and equipment/ devaluation losses	-	4.2	- 1.1	- 3.1	
Total	-	2.7	- 0.5	- 2.1	

(Main reasons for increase/ decrease)

Parent: 0.8, Subsidiaries: 0.7

Parent: -1.6, Subsidiaries: -2.6

## 6. Other-net

		1st Half FY2004	1st Half FY2003	Variance	(billions of yen)
Gain (loss) on foreign exchange		2.2	- 0.4	2.6	
Loss on affiliated companies	-	0.6	- 2.0	1.4	
Other	-	8.1	- 1.9	- 6.2	
Total	-	6.5	- 4.3	- 2.2	

(Main reasons for increase/ decrease)

Agri-marine products related subsidiaries (posted previous year) +1.2

## 7. Equity in earnings (losses) of affiliated companies (after income tax effects)

	(billions of yen)	1st Half FY2004	1st Half FY2003	Variance
Marubeni-Itochu Steel Inc.		5.0	1.7	3.3
Uni-Mar Enerji		1.8	2.2	- 0.3
P.T.CHANDRA ASRI		1.3	- 3.2	4.5
Daishowa-Marubeni	-	0.0	1.6	- 1.7
Sumatra Pulp	-	0.2	- 0.5	0.2
P.T. TANJUNG ENIM LESTARI PULP	-	0.4	- 0.9	0.5
Other		5.0	6.0	- 1.0
Total		12.5	6.9	5.6



## 2. Consolidated Balance Sheets

	<i>Millions of yen</i>		
	<b>September 30 2004</b>	<b>March 31 2004</b>	<b>Variance</b>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents, and time deposits	¥ 298,238	¥ 485,484	-187,246
Investment securities	8,165	9,445	- 1,280
Notes and accounts receivable - trade:			
Notes receivable	101,627	98,227	3,400
Accounts receivable	786,003	764,545	21,458
Due from affiliated companies	86,940	106,391	- 19,451
Allowance for doubtful accounts	- 30,057	- 26,949	- 3,108
Inventories	396,918	398,617	- 1,699
Advance payments to suppliers	78,772	85,490	- 6,718
Deferred income taxes	38,169	32,862	5,307
Prepaid expenses and other current assets	151,129	125,852	25,277
<b>Total current assets</b>	<b>1,915,904</b>	<b>2,079,964</b>	<b>- 164,060</b>
<b>Investments and long-term receivables:</b>			
Affiliated companies	352,373	337,451	14,922
Securities and other investments	487,778	485,865	1,913
Notes, loans and accounts receivable - trade	311,987	300,049	11,938
Allowance for doubtful accounts	- 93,560	- 93,865	305
Property leased to others, at cost, less accumulated depreciation	257,761	256,370	1,391
<b>Total investments and long-term receivables</b>	<b>1,316,339</b>	<b>1,285,870</b>	<b>30,469</b>
Net property and equipment	490,399	499,514	- 9,115
Prepaid pension cost	86,801	105,797	- 18,996
Deferred income taxes	101,284	118,274	- 16,990
Intangible fixed assets	37,567	35,477	2,090
Goodwill	27,935	28,793	- 858
Other assets	96,803	100,505	- 3,702
<b>Total assets</b>	<b>¥4,073,032</b>	<b>¥4,254,194</b>	<b>¥ - 181,162</b>

\*These financial statements are based on US GAAP.

# 1. Major Increase/Decrease

## Assets

	<i>Billions of yen</i>		
	Sept. 04	Variance from March 04	
Cash and cash equivalents, and time deposits	298.2	- 187.2	Decrease in <i>Parent and M. America Corp.</i>
Accounts receivable	786.0	+ 21.5	Increase mainly in <i>M. America Corporation.</i>
Due from affiliated companies	86.9	- 19.5	Decrease in short-term loans receivable and accounts receivable.
Advance payments to suppliers	78.8	- 6.7	Decrease mainly in <i>M. America Corp.</i>
Other current assets	151.1	+ 25.3	Increase mainly in <i>M. America Corp.</i>
Investments and long-term receivables from affiliated companies	352.4	+ 14.9	Increase due to equity in earnings of affiliated companies.
Notes, loans and accounts receivable - trade	312.0	+ 11.9	Increase mainly due to consolidation of a shipping related subsidiary.
Net property and equipment	490.4	- 9.1	Decrease due to sales of subsidiaries.
Prepaid pension cost	86.8	- 19.0	Decrease mainly due to refund of trust.
Deferred income taxes (Assets) (Current/Fixed)	139.5	- 11.7	
Deferred income taxes (Liabilities) (Current/Fixed)	21.8	- 4.3	
Deferred income taxes-net	117.6	- 7.4	

## 2. Consolidated Balance Sheets (continued)

	<i>Millions of yen</i>		
	September 30 2004	March 31 2004	Variance
<b>Liabilities and shareholders' equity</b>			
Current liabilities:			
Short-term loans	¥ 403,902	¥ 474,735	¥ - 70,833
Current portion of long-term debt	223,526	328,816	- 105,290
Notes and accounts payable-trade			
Notes and acceptances payable	187,622	204,574	- 16,952
Accounts payable	650,299	629,279	21,020
Due to affiliated companies	48,851	44,228	4,623
Advance payments received from customers	75,003	76,684	- 1,681
Income taxes	12,872	13,262	- 390
Deferred income taxes	4,021	2,535	1,486
Accrued expenses and other current liabilities	175,277	190,705	- 15,428
Total current liabilities	1,781,373	1,964,818	- 183,445
Long-term debt, less current portion	1,817,435	1,822,473	- 5,038
Employees' retirement benefits	8,729	8,786	- 57
Deferred income taxes	17,785	23,536	- 5,751
Minority interests in consolidated subsidiaries	40,301	41,599	- 1,298
Shareholders' equity:			
Paid-in capital	231,789	231,789	-
Additional paid-in capital	125,433	125,430	3
Retained earnings (losses)	114,107	94,870	19,237
Accumulated other comprehensive loss	- 63,820	- 59,025	- 4,795
Cost of common stock in treasury	- 100	- 82	- 18
Total shareholders' equity	407,409	392,982	14,427
Total liabilities and shareholders' equity	4,073,032	4,254,194	¥ - 181,162

	<i>(millions of yen)</i>		
<b>*Cash and cash equivalents:</b>	¥ 292,153	¥ 478,731	¥ - 186,578
<b>*Accumulated other comprehensive loss:</b>			
Net unrealized gains (losses) on investment securities, net of reclassification	¥ 27,550	¥ 34,927	¥ - 7,377
Currency translation adjustments, net of reclassification	- 85,860	- 87,927	2,067
Minimum pension liability adjustment	- 612	- 612	-
Net unrealized losses on derivatives	- 4,898	- 5,413	515

\* As a result of the adoption of EITF04-2, mining rights excluding petroleum and gas, have been reclassified from Intangible fixed assets to Net property and equipment from this term. Accordingly, the figures for March 31, 2004 have been rearranged. The effects are 14,864 million yen and 14,529 million yen for September 30 and March 31, 2004, respectively.

**Liabilities**

	<i>Billions of yen</i>		
	<b>Sept. 04</b>	<b>Variance from March 04</b>	
Short-term loans	403.9	-70.8	Decrease mainly in Agri-marine products
Current portion of long-term debt	223.5	-105.3	Decrease mainly in Parent
Long-term interest-bearing debt, less current portion	1,648.9	-2.4	Decrease mainly in Parent and financial subsidiaries
Short & long-term loans, debentures	2,276.3	-178.5	Effects of FASB133 +18.7 (Variance from Mar. 2004 -2.6)
Net interest-bearing debt	1,978.0	8.7	Net interest-bearing debt excluding effects of FASB133 1,959.3 (Variance from Mar. 2004 +11.3)
Notes payable	187.6	-17.0	Decrease mainly in Parent
Accounts payable	650.3	21.0	Increase mainly in M. America Corp.
Other current liabilities	175.3	-15.4	Decrease mainly in M. America Corp.

**Shareholders' equity**

	<i>Billions of yen</i>		
	<b>Sept. 04</b>	<b>Variance from March 04</b>	
Total shareholders' equity	407.4	+ 14.4	Retained earnings +19.2 (Net income +24.2, Dividend paid -4.9), Currency translation adjustments +2.1, Net unrealized gains (losses) on investment securities -7.4, Net unrealized losses on derivatives +0.5

**2. Financial Position**

	<b>Sept. 04</b>	<b>March 04</b>	
Ratio of net worth to total assets	10.00%	9.20%	
Current ratio	107.6%	105.9%	
D/E ratio ※	4.86 times	5.01 times	※ D/E ratio = (Gross interest-bearing debt - Cash and cash equivalents, and time deposits) / Shareholders' equity
	<b>1st Half FY2004</b>	<b>1st Half FY2003</b>	
R O A	0.58%	0.46%	
R O E	6.04%	6.98%	

**Operating activities**

Net income (loss) ¥ 24,159

Adjustments to reconcile net income (loss) to net cash provided by operating activities: 23,624

Changes in operating assets and liabilities: - 12,954

34.8 billion yen of cash inflow provided by operating activities, mainly due to steady performance of commodity related businesses.

**Net cash provided by operating activities 34,829**

**Investing activities**

Proceeds from sales and redemptions of securities and other investments 31,234

Purchases of securities and other investments - 37,853

Cash inflow from purchase and sales of stock held by the Parent

Proceeds from sales of property and equipment and property leased to others 8,344

Purchases of property and equipment and property leased to others - 26,375

Cash outflow due to purchase of leased assets and increase in aluminium project by overseas corporate subsidiaries, etc.

Collection of loans receivable 33,703

Loans made to customers - 21,186

Collection of overseas receivables held by the Parent

Other 12,060

**Net cash provided (used) by investing activities - 73**

**Free Cash Flows 34,756**

**Financing activities**

Net decrease (increase) in short-term loans - 80,330

Proceeds from long-term debt 135,769

Payments of long-term debt - 271,825

Cash dividend - 4,922

(Purchase) sale of treasury stock - 15

Other - 1,293

Cash reserves and free cash flow appropriated to repayments (216.4 billion yen)

**Net cash used (provided) in financing activities - 222,616**

Effect of exchange rate changes on cash and cash equivalents 1,282

Net increase (decrease) in cash and cash equivalents - 186,578

Cash and cash equivalents at beginning of period 478,731

Cash and cash equivalents at end of period 292,153

These financial statements are based on US GAAP.

#### 4. Consolidated Companies

##### 1. Number of consolidated companies

		September 30 2004	Established Bought	Control Influence	Liquidated Divestiture	March 31 2004	Variance
Subsidiaries	Domestic	127	7	0	-4	124	+3
	Overseas	233	13	0	-4	224	+9
	Total	360	20	0	-8	348	+12
Affiliated companies	Domestic	51	0	0	-1	52	-1
	Overseas	112	13	0	-3	102	+10
	Total	163	13	0	-4	154	+9
	Domestic	178	7	0	-5	176	+2
	Overseas	345	26	0	-7	326	+19
	Total	523	33	0	-12	502	+21

##### 2. Major companies that have been newly included during this term:

<u>Company name</u>	<u>Capital</u>	<u>Marubeni Group's equity portion</u>	<u>Type of business</u>
com Partners Co., Ltd.	Yen 200 mil	71.46%	Sales support and telemarketing for mobile phones.
Fuel Cell Japan, Co., Ltd.	Yen 100 mil	100.00%	Operation and maintenance of fused carbonate fuel cell.
Misaki Wind Power Company	Yen 10 mil	70.00%	Wind power generation
Sithe Energies Australia Pty. Ltd.	AUS\$ 26.087 mil	100.00%	Holding company of overseas IPP.
Tratamiento de Agua de Puebla	NS\$ 152.771mil	48.03%	Construction, operation, and management of sewage treatment facility and sewer pipes
MARUBENI CHEMICALS (Shanghai)	RMB 16.6 mil	100.00%	Sales company of basic chemicals

##### 3. Major companies that have been excluded during this term:

<u>Company name</u>	<u>Reasons of exclusion</u>	<u>Marubeni Group's equity portion</u>	<u>Type of business</u>
Daily Queen Japan Co., Ltd.	In liquidation	100.00%	Fastfood franchisor
M. TELEMARTETING CORPORATION	In liquidation	100.00%	Telemarketing business
D.M. Gas Station	Sold	100.00%	Fuel supplier
MIECO TERMINAL AND MARKETING Inc	Sold	100.00%	Petroleum supplier
MACSOL	Merged	100.00%	Production, export and sales of freeze-dried instant coffee

## 1st Half FY2004

(billions of yen)

		Profit-making companies		Loss-making companies		Total	
		No. of companies	Surplus amount	No. of companies	Deficit amount	No. of companies	Net profit(loss)
Subsidiaries	Domestic (ratio)	88 69%	8.5	39 31%	-12.1	127	-3.5
	Overseas (ratio)	172 74%	25.1	61 26%	-9.9	233	15.2
	Total (ratio)	260 72%	33.7	100 28%	-22	360	11.7
Affiliated companies	Domestic (ratio)	34 67%	4.9	17 33%	-0.4	51	4.4
	Overseas (ratio)	86 77%	9.2	26 23%	-1.2	112	8
	Total (ratio)	120 74%	14.1	43 26%	-1.6	163	12.5
Total	Domestic (ratio)	122 69%	13.4	56 32%	-12.5	178	9
	Overseas (ratio)	258 75%	34.4	87 25%	-11.1	345	23.3
	Total (ratio)	380 73%	47.8	143 27%	-23.6	523	24.2

## 1st Half FY2003

(billions of yen)

		Profit-making companies		Loss-making companies		Total	
		No. of companies	Surplus amount	No. of companies	Deficit amount	No. of companies	Net profit(loss)
Subsidiaries	Domestic (ratio)	86 72%	6.2	34 28%	-8.6	120	-2.4
	Overseas (ratio)	160 76%	18.3	50 24%	-7.8	210	10.4
	Total (ratio)	246 75%	24.5	84 26%	-16.4	330	8.0
Affiliated companies	Domestic (ratio)	38 72%	3.2	15 28%	-1.6	53	1.6
	Overseas (ratio)	77 76%	9.2	24 24%	-3.9	101	5.3
	Total (ratio)	115 75%	12.3	39 25%	-5.4	154	6.9
Total	Domestic (ratio)	124 72%	9.4	49 28%	-10.2	173	-0.8
	Overseas (ratio)	237 76%	27.4	74 24%	-11.7	311	15.7
	Total (ratio)	361 75%	36.8	123 25%	-21.9	484	14.9

## Transition of number of profit-making/loss-making consolidated companies

	1st Half FY2001	1st Half FY2002	1st Half FY2003	1st Half FY2004	FY2001	FY2002	FY2003
Profit-making companies	403 69%	385 77%	361 75%	380 73%	391 76%	375 78%	390 78%
Loss-making companies	180 31%	115 23%	123 25%	143 27%	124 24%	109 23%	112 22%
Total	583	500	484	523	515	484	502

**Influence on consolidated P/L (Variance from September, 2003)**

(billions of yen)

Profit & Loss	Newly included	Excluded	Net influence
Total volume of trading transactions	92.8	-11.5	+81.3
Gross trading profit	14.4	-2.1	+12.3
SGA expenses (excluding doubtful accounts)	-7.3	2.6	-4.7
Operating profit	7.1	0.5	+7.6
Interest expense-net	-1.8	0.1	-1.7
Dividends	0.0	0.0	+0.0

**<Major influences of newly included companies>**

(billions of yen)

Company Name (Business Division)	Total volume of trading transactions	Gross trading profit	SGA expenses (excluding doubtful accounts)	Operating profit	Interest expense-net	Dividends
Nacx Nakamura Corp. (Agri-marine products)	48.8	6.6	-5.8	0.8	-0.1	0.0
Sithe Asia Holdings (Utility & Infrastructure)	13.0	2.2	-0.3	1.9	-0.9	0.0
San Roque Power (Utility & Infrastructure)	5.8	2.6	0.0	2.6	-0.6	0.0
M. Plax China (Chemicals)	6.9	0.1	-0.1	0.0	0.0	0.0
Royal Maritime (Plant & Ship)	6.6	1.8	0.0	1.8	0.0	0.0
M.Textile Asia Shanghai (Textile)	6.0	0.1	-0.1	0.0	0.0	0.0
Sithe Energy Australia (Utility & Infrastructure)	1.3	0.4	-0.3	0.1	-0.2	0.0
Others	4.3	0.6	-0.8	-0.1	-0.0	0.0
Total	92.8	14.4	-7.3	7.1	-1.8	0.0

**<Major influences of excluded companies>**

Company Name (Business Division)	Total volume of trading transactions	Gross trading profit	SGA expenses	Operating profit	Interest expense-net	Dividends
Mitchell Distributor (Transportation & Industrial machinery)	-4.2	-0.7	0.8	0.1	0.0	0.0
This term	-	-	-	-	-	-
Previous term	4.2	0.7	-0.8	-0.1	0.0	0.0
Bi-Country Saturn LLC (Transportation & Industrial machinery)	-3.5	-0.6	0.5	-0.1	0.0	0.0
This term	-	-	-	-	-	-
Previous term	3.5	0.6	-0.5	0.1	0.0	0.0
CyberLogistics Corporation (Transportation & Industrial machinery)	-1.4	-0.3	0.3	0.0	0.0	0.0
This term	0.0	0.0	0.0	0.0	0.0	0.0
Previous term	1.4	0.3	-0.3	0.0	0.0	0.0
Nissan Adria (Transportation & Industrial machinery)	-0.9	-0.2	0.2	0.0	0.0	0.0
This term	-	-	-	-	-	-
Previous term	0.9	0.2	-0.2	0.0	0.0	0.0
Media Vision Inc. (Transportation & Industrial machinery)	-0.7	-0.2	0.2	0.1	0.0	0.0
This term	-	-	-	-	-	-
Previous term	0.7	0.2	-0.2	-0.1	0.0	0.0
Metro Access (Telecom & Information)	-0.3	0.1	0.3	0.4	0.0	0.0
This term	-	-	-	-	-	-
Previous term	0.3	-0.1	-0.3	-0.4	0.0	0.0
Others	-0.5	-0.2	0.3	0.0	0.1	0.0
This term	0.0	0.0	0.0	0.0	0.0	0.0
Previous term	0.5	0.2	-0.3	0.0	-0.1	0.0
Total	-11.5	-2.1	2.6	0.5	0.1	0.0
This term	0.0	0.0	0.0	0.0	0.0	0.0
Previous term	11.5	2.1	-2.6	-0.5	-0.1	0.0



**(1)-1 Major Reasons for Increase and Decrease for Total Volume of Trading Transactions by Operating Segment**

(billions of yen)

	1st Half FY2004	1st Half FY2003	Variance	Major factors
Agri-marine products	483.5	381.2	102.3	Increase mainly in feed grain and distribution
Textile	174.3	172.1	2.3	Increase mainly due to rise in offshore transactions of raw materials and domestic transactions of finished products
Forest products & general merchandise	394.6	381.6	13.0	Increase in plywood and woodchip related transactions
Chemicals	317.6	278.7	38.8	Increase in basic chemicals
Energy	813.4	1,008.9	-195.5	Decrease due to reduction of petroleum related transactions
Metals & mineral resources	300.7	243.0	57.7	Increase due to a rise in price of coal/ non-ferrous metals
Transportation & industrial machinery	368.7	344.0	24.7	Increase due to rise in aircraft-related transactions
Utility & infrastructure	127.8	134.5	-6.7	Decrease resulting from the completion of water pipe projects for the Middle East and electric power generation projects for Southeast Asia
Plant & ship	202.3	283.8	-81.6	Decrease following a decline in business involving energy and chemical plant and ships
Development & construction	58.4	67.7	-9.3	Decrease due to a drop in domestic transactions as well as business transfers of domestic construction operations
Finance & logistics business	10.6	9.3	1.3	Increase in funds and logistics
Telecom & information	84.6	81.2	3.3	Increase in communication operating business
Domestic branches and offices	67.7	75.3	-7.6	Decrease due to decline in machinery-related transactions
Overseas corporate subsidiaries and branches	579.6	575.9	3.7	Increase in food product, automotive, construction machinery, and agricultural chemical operations in the U.S.
Corporate and elimination, etc.	-241.0	-211.8	-29.2	
Consolidated	3,742.7	3,825.4	-82.6	

**(1)-2 Major Reasons for Increase and Decrease for Gross Trading Profit by Operating Segment**

(billions of yen)

	1st Half FY2004	1st Half FY2003	Variance	Major factors
Agri-marine products	36.3	25.9	10.4	Increase in revenue due to increase stated above
Textile	12.3	11.9	0.3	Increase in revenue due to increase stated above
Forest products & general merchandise	22.5	19.1	3.4	Increase in revenue due to increase stated above, along with increased profits for paper related companies and improvements in woodchip profitability
Chemicals	14.5	13.7	0.8	Increase in basic chemicals and agricultural chemical related business
Energy	19.9	15.6	4.3	Increase in profits from petroleum related transactions and interests
Metals & mineral resources	7.4	6.1	1.3	Increase in revenue due to increase stated above
Transportation & industrial machinery	27.9	29.1	-1.2	Decrease in automotive and construction machinery field
Utility & infrastructure	10.1	6.4	3.7	Increase in electric power generating operations and Taiwan express railways
Plant & ship	5.9	5.3	0.6	Although there was a decline in revenue due to a decrease stated above, increase due to newly consolidated subsidiaries in the ship-related business
Development & construction	10.8	11.0	-0.1	A decline in revenue due to a decrease stated above, an increase in overseas housing projects notwithstanding
Finance & logistics business	3.0	2.5	0.5	Increase in funds
Telecom & information	11.6	10.7	0.9	Increase in content sales and communication operating business
Domestic branches and offices	2.0	2.1	-0.1	
Overseas corporate subsidiaries and branches	38.7	41.1	-2.4	Decrease mainly due to effects of fluctuations in exchange rates
Corporate and elimination, etc.	-11.5	-2.0	-9.5	
Consolidated	211.4	198.6	12.8	

(billions of yen)

	1st Half FY2004	1st Half FY2003	Variance
Agri-Marine Products	5.2	4.2	1.0
Textile	2.3	2.4	-0.1
Forest Products & General Merchandise	6.8	3.6	3.2
Chemicals	4.1	3.6	0.5
Energy	10.5	6.2	4.3
Metals & Mineral Resources	3.1	1.7	1.4
Transportation & Industrial Machinery	4.0	3.8	0.2
Utility & Infrastructure	1.9	-1.5	3.4
Plant & Ship	1.0	-0.3	1.3
Development & Construction	2.5	1.4	1.1
Finance & Logistics Business	-0.3	-0.7	0.4
Telecom & Information	-2.2	-3.4	1.2
Domestic branches and offices	0.1	0.1	0.0
Overseas corporate subsidiaries and branches	9.4	10.1	-0.7
Corporate and elimination, etc.	-4.9	6.3	-11.2
Consolidated	43.5	37.5	5.9

**(1)-4 Net Profit by Operating Segment**

(billions of yen)

	1st Half FY2004	1st Half FY2003	Variance	Major Factors
Agri-Marine Products	1.4	3.6	-2.2	Decrease due to posting of extraordinary losses from subsidiaries in marine products
Textile	1.0	1.2	-0.2	
Forest Products & General Merchandise	4.2	3.1	1.1	Increase in profits for paper related companies, improvements in woodchip profitability, and increase in plywood transactions
Chemicals	3.5	3.1	0.4	
Energy	7.2	4.6	2.6	Increase in profits from petroleum related transactions and interests
Metals & Mineral Resources	4.1	2.3	1.8	Increase in equity income of copper smelter affiliated company due to rise in price of copper
Transportation & Industrial Machinery	-1.1	1.3	-2.4	Liquidation and disposal losses related to associated firms, and decrease from posting of losses of medical business related company
Utility & Infrastructure	4.5	3.2	1.3	Increase in revenue due to increase in gross trading profit, an increase in interest notwithstanding
Plant & Ship	0.7	-3.0	3.8	Increase in equity in earnings of operations in Indonesia
Development & Construction	-2.7	-2.1	-0.6	Due to increase of extraordinary losses
Finance & Logistics Business	1.6	1.3	0.3	
Telecom & Information	-3.0	-4.7	1.7	Increase in profit of sales of stocks
Domestic branches and offices	-0.3	0.2	-0.5	
Overseas corporate subsidiaries and branches	4.7	5.9	-1.2	
Corporate and elimination, etc.	-1.6	-0.2	-1.3	
Consolidated	24.2	19.7	4.5	

(billions of yen)

	September 2004	March 2004	Variance	Major factors
Agri-Marine Products	394.8	417.7	-22.9	Decrease mainly in current assets in marine and oil products
Textile	129.7	127.0	2.7	
Forest Products & General Merchandise	324.3	315.7	8.5	
Chemicals	171.3	147.1	24.2	Increase mainly in current assets of group companies
Energy	299.7	319.6	-19.9	Increase due to newly acquired rights and interests, decrease due to petroleum related trade
Metals & Mineral Resources	189.2	180.3	9.0	
Transportation & Industrial Machinery	302.1	306.7	-4.6	
Utility & Infrastructure	414.4	409.2	5.2	
Plant & Ship	379.0	343.1	35.9	Increase due to a newly consolidated subsidiary, etc.
Development & Construction	332.6	330.5	2.1	
Finance & Logistics Business	126.6	144.4	-17.9	Decrease due to redemption of invested assets
Telecom & Information	143.2	144.2	-1.0	
Domestic branches and offices	58.4	60.6	-2.2	
Overseas corporate subsidiaries and branches	443.8	439.0	4.7	
Corporate and elimination, etc.	364.0	569.0	-205.0	
Consolidated	4,073.0	4,254.2	-181.2	

**(2)-1 Total Volume of Trading Transactions by Geographical Segment**

(billions of yen)

		1st Half FY2004	1st Half FY2003	Variance	Major factors
Japan	Parent	2,252.0	2,429.9	-178.0	Decrease in Energy related business
	Subsidiaries	1,008.5	881.7	126.8	Increase in Agri-marine Products
	Total	3,260.5	3,311.7	-51.2	
North America	Overseas Corporate Subsidiaries/Branches	399.5	382.0	17.5	Increase in Marubeni America Corp.
	Other Subsidiaries	157.0	394.8	-237.8	Decrease in Energy related business
	Total	556.6	776.9	-220.3	
Europe	Overseas Corporate Subsidiaries/Branches	61.1	83.1	-22.0	Decrease in Marubeni Europe p.l.c.
	Other Subsidiaries	127.1	121.7	5.4	
	Total	188.3	204.9	-16.6	
Asia / Oceania	Overseas Corporate Subsidiaries/Branches	111.6	102.6	9.1	
	Other Subsidiaries	220.2	156.7	63.5	Increase in Energy, Utility & Infrastructure related business
	Total	331.8	259.2	72.6	
Others	Overseas Corporate Subsidiaries/Branches	3.3	3.0	0.3	
	Other Subsidiaries	436.4	410.1	26.3	Increase in Plant & Ship related business
	Total	439.7	413.1	26.6	
Elimination		-1,034.1	-1,140.4	106.3	
Consolidated Total		3,742.7	3,825.4	-82.6	

**(2)-2 Operating Profit by Geographical Segment**

(billions of yen)

		1st Half FY2004	1st Half FY2003	Variance	Major Factors
Japan	Parent	3.5	15.1	-11.6	Decrease due to Plant & Ship related business
	Subsidiaries	9.6	6.2	+3.4	Increase in Agri-marine Products, Forest products & General merchandise related businesses
	Total	13.0	21.2	-8.2	
North America	Overseas Corporate Subsidiaries/Branches	6.8	7.2	-0.4	
	Other Subsidiaries	0.8	-1.2	+2.0	Increase in Energy related businesses
	Total	7.5	6.0	+1.6	
Europe	Overseas Corporate Subsidiaries/Branches	0.6	0.8	-0.1	
	Other Subsidiaries	4.0	3.8	+0.2	
	Total	4.6	4.6	+0.0	
Asia / Oceania	Overseas Corporate Subsidiaries/Branches	0.9	0.6	+0.3	
	Other Subsidiaries	9.2	4.4	+4.8	Increase in Utility & Infrastructure related businesses
	Total	10.1	5.0	+5.1	
Others	Overseas Corporate Subsidiaries/Branches	0.2	0.1	+0.0	
	Other Subsidiaries	4.5	2.1	+2.3	Increase in Plant & Ship related business
	Total	4.6	2.3	+2.4	
Elimination		-0.4	-0.1	-0.3	
Consolidated Total		39.5	39.0	+0.6	

**(2)-3 Total Assets by Geographical Segment**

(billions of yen)

		Sep. 2004	March 2004	Variance	Major factors
Japan	Parent	1,196.6	1,231.6	-35.0	Decrease in Agri-marine products
	Subsidiaries	808.0	800.7	+7.3	Increase in Development and construction
	Total	2,004.6	2,032.3	-27.7	
North America	Overseas Corporate Subsidiaries/Branches	245.6	223.4	+22.3	Increase in Marubeni America Corporation
	Other Subsidiaries	91.3	103.9	-12.6	Decrease in Energy related businesses
	Total	336.9	327.3	+9.6	
Europe	Overseas Corporate Subsidiaries/Branches	52.1	55.7	-3.5	
	Other Subsidiaries	104.4	101.8	+2.6	
	Total	156.6	157.5	-0.9	
Asia / Oceania	Overseas Corporate Subsidiaries/Branches	43.4	40.5	+2.9	
	Other Subsidiaries	270.2	274.2	-4.1	
	Total	313.6	314.7	-1.1	
Others	Overseas Corporate Subsidiaries/Branches	2.7	2.6	+0.0	
	Other Subsidiaries	123.3	104.9	+18.5	Increase in Plant & Ship related businesses
	Total	126.0	107.5	+18.5	
Elimination		-161.0	-144.9	-16.1	
Consolidated Total		2,776.7	2,794.3	-17.7	

# Marubeni Corporation

## 6. Risk Exposure to Specific Countries

(as of September 30, 2004)

### 1. Balance of Risk Exposure Outstanding (Investments, Loans, Guarantees and Deferred Payments : Consolidated Basis)

(Billions of Yen)	Investments			Loans			Guarantees			Deferred Payments			Gross Risk Exposure			Net Risk Exposure		
	2004.9	2004.3	increase and decrease	2004.9	2004.3	increase and decrease	2004.9	2004.3	increase and decrease	2004.9	2004.3	increase and decrease	2004.9	2004.3	increase and decrease	2004.9	2004.3	increase and decrease
P.R. China	25.7	25.0	0.7	30.1	29.6	0.5	6.2	6.7	-0.5	3.4	3.5	-0.1	65.4	64.8	0.6	58.2	57.2	1.0
Hong Kong	0.6	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.4	0.2	0.6	0.4	0.2
S. Korea	1.8	1.9	-0.1	3.2	3.3	-0.1	0.0	0.1	-0.1	1.5	1.1	0.4	6.5	6.3	0.2	3.2	3.3	-0.1
Indonesia	34.7	32.8	1.9	132.1	128.0	4.1	16.2	19.5	-3.3	2.1	0.4	1.7	185.0	180.8	4.2	146.8	142.8	4.0
Philippines	20.6	18.0	2.6	25.3	28.1	-2.8	1.6	2.1	-0.5	0.1	0.1	0.0	47.6	48.4	-0.8	41.4	41.5	-0.1
Thailand	9.8	9.4	0.4	0.4	0.4	0.0	13.5	12.9	0.6	0.0	0.0	0.0	23.7	22.7	1.0	23.2	21.8	1.4
Malaysia	3.1	2.9	0.2	4.8	4.0	0.8	0.5	0.7	-0.2	0.1	0.3	-0.2	8.4	7.9	0.5	8.2	7.6	0.6
Pakistan	2.1	1.6	0.5	0.1	0.1	0.0	1.4	1.9	-0.5	0.2	0.2	0.0	3.7	3.8	-0.1	3.7	3.8	-0.1
India	9.9	10.0	-0.1	1.1	1.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	11.0	11.0	0.0	11.0	11.0	0.0
Turkey	5.4	2.9	2.5	1.8	2.4	-0.6	1.0	1.1	-0.1	1.1	1.0	0.1	9.2	7.4	1.8	8.4	6.9	1.5
Russia	3.0	3.0	0.0	0.0	0.0	0.0	7.4	5.2	2.2	0.0	0.0	0.0	10.5	8.2	2.3	10.5	8.2	2.3
Nigeria	0.0	0.0	0.0	17.3	17.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	17.3	17.2	0.1	5.3	5.1	0.2
Mexico	6.2	3.3	2.9	16.2	15.5	0.7	0.3	0.3	0.0	0.0	0.0	0.0	22.7	19.0	3.7	22.7	19.0	3.7
Brazil	6.7	6.3	0.4	13.1	14.6	-1.5	6.8	8.5	-1.7	2.1	2.5	-0.4	28.6	31.9	-3.3	21.5	23.2	-1.7
Argentina	1.0	0.9	0.1	2.0	2.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0	3.9	3.8	0.1	3.1	3.0	0.1
15 Countries Total	130.6	118.4	12.2	247.5	246.2	1.3	54.9	59.0	-4.1	11.6	10.1	1.5	444.1	433.6	10.5	367.9	354.8	13.1

#### Remarks (Increase/Decrease from Last Fiscal Year)

Indonesia	Investment→ Increase of equity in earnings in Plant. Guarantee→Plant Repayment, Deffered Payment→Construction Machinery Export
Turkey	Investment→Equity in Earnings in IPP
Russia	Energy related business
Mexico	Investment→New investment in environmental infrastructure project
Brazil	Loan & Guarantee→Plant Repayment

(Note) The above figures are not including allowance for risk exposure for individual companies

## 7. Outstanding Balance of Real Estate for Sale and Lease

(billions of yen)

	September 2004	March 2004
Real Estate for Sale (Consolidated Basis)	105.5	106.9
Real Estate for Lease (Consolidated Basis)	120.6	125.5

## 8. Disposition of Employees (Non-consolidated basis)

## ● By office location

	April 2003	October 2003	April 2004	October 2004	Variance from April 2004
Head Office	1,873	1,837	1,963	1,964	+1
Domestic Branches	153	156	144	142	-2
Domestic Group Firms	1,151	1,116	992	880	-112
Overseas branches and corporate subs.	634	632	619	601	-18
North America	132	128	124	115	-9
Europe	106	104	97	97	+0
Asia	283	287	292	286	-6
Central and South America	38	38	37	36	-1
Others	75	75	69	67	-2
Total	3,811	3,741	3,718	3,587	-131

## ● By Division

	April 2003	October 2003	April 2004	October 2004	Variance from April 2004
Agri-Marine Products	237	230	239	239	+0
Textile	270	268	273	269	-4
Forest Products & General Merchandise	236	232	236	234	-2
Chemicals	278	268	265	263	-2
Energy	196	191	192	188	-4
Metals & Mineral Resources	128	127	131	131	+0
Transportation & Industrial Machinery	268	268	265	260	-5
Iron & Steel *2	80	78	75	4	-71
Utility & Infrastructure	188	187	207	204	-3
Plant & Ship	176	175	183	183	+0
Development & Construction	157	153	155	151	-4
Finance & Logistics Business	107	107	130	127	-3
Telecom & Information	181	170	162	154	-8
Business Incubation	10	10	9	11	2
Corporate Staff, Others *1	454	442	411	404	-7
Total Core Staff	2,966	2,906	2,933	2,822	-111
Assistant Staff, Others	845	835	785	765	-20
Total	3,811	3,741	3,718	3,587	-131

\*1 Former staffs of the machinery division's accounting team were transferred from Corporate Accounting Dept. to each operating departments from April, 2004

\*2 For all former staff externally assigned to Marubeni-Itochu Steel Inc. from Iron & Steel, a permanent employment transfer was effective October 1, 2004

◆ Projected number of staffs at end of March, 2005 (non-consolidated basis)

approx. 3,550 employees

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**Transition of Consolidated Financial Results**

(billions of yen)

	1st Half FY2000	FY2000	1st Half FY2001	FY2001	1st Half FY2002	FY2002	1st Half FY2003	FY2003	1st Half FY2004
Total volume of trading transactions	4,499.5	9,436.9	4,525.2	8,972.2	4,312.4	8,793.3	3,825.4	7,905.6	3,742.7
Gross trading profit	242.1	479.8	220.4	436.8	214.6	424.6	198.6	409.5	211.4
Selling, general and administrative expenses	-199.2	-400.4	-199.9	-392.1	-169.1	-345.6	-161.0	-330.0	-169.4
Provision for doubtful accounts	-14.0	-37.9	-39.4	-43.9	-6.1	-5.7	1.5	-0.8	-2.5
Operating income	28.9	41.5	-18.8	0.8	39.3	73.4	39.0	78.6	39.5
Other profits - expenses	-19.8	-33.9	-138.9	-164.7	-11.8	-37.0	-9.5	-19.7	-8.0
Interest expense-net	-14.5	-29.5	-15.1	-29.5	-11.4	-23.5	-10.8	-23.5	-12.6
Dividends	3.0	7.7	4.4	7.5	3.6	6.8	4.4	7.2	4.9
Gain (loss) on investment securities	3.8	2.3	-81.8	-83.8	0.5	-12.7	1.8	16.1	8.8
Gain (loss) on property and equipment	5.2	3.7	-41.7	-43.6	1.1	8.5	-0.5	-1.6	-2.7
Other-net	-17.2	-18.1	-4.7	-15.3	-5.6	-16.1	-4.3	-18.0	-6.5
(Liquidation and disposal losses related to associated firms)	-7.9	-9.2	-3.2	-16.7	-0.7	-12.5	-2.0	-6.5	-0.6
Income before taxes and equity in earnings (losses) *	9.1	7.6	-157.8	-164.0	27.5	36.3	29.5	58.9	31.5
Minority interests in income (loss) of consolidated subsidiaries	-0.2	-0.9	-1.0	-1.2	-1.0	-3.2	-1.1	-3.0	-1.5
Equity in earnings (losses)	9.7	16.9	-9.0	-18.9	6.5	13.4	6.9	14.3	12.5
Net income (loss)	6.1	15.0	-107.0	-116.4	17.8	30.3	19.7	34.6	24.2
Gains from sales of assets	20.6	38.8	11.8	25.2	19.2	42.7	10.7	31.8	13.3

Total assets	5,389.1	5,320.6	5,255.2	4,805.7	4,401.2	4,321.5	4,263.5	4,254.2	4,073.0
Current assets	2,870.0	2,772.8	2,753.1	2,487.6	2,200.5	2,202.1	2,152.9	2,080.0	1,915.9
Fixed assets and others	2,519.1	2,547.8	2,502.1	2,318.1	2,200.7	2,119.4	2,110.6	2,174.2	2,157.1
Interest-bearing debt	3,496.8	3,428.4	3,511.5	3,184.9	2,914.0	2,745.0	2,697.9	2,454.8	2,276.3
Cash and cash equivalents	321.4	338.5	391.2	472.0	401.3	480.8	529.9	485.5	298.2
Interest-bearing debt-net	3,175.4	3,089.8	3,120.3	2,712.9	2,512.7	2,264.1	2,168.0	1,969.3	1,978.0
Shareholders' equity	309.4	342.3	270.7	263.9	257.9	260.1	304.2	393.0	407.4
Common stock	194.0	194.0	194.0	194.0	194.0	194.0	194.0	231.8	231.8
Additional paid-in capital	217.0	217.0	217.0	217.0	87.8	87.8	87.8	125.4	125.4
Retained earnings	12.8	21.7	-85.3	-94.8	52.3	64.8	80.0	94.9	114.1
Unrealized gains (losses) on investment securities arising during period	-1.1	-14.2	9.8	10.4	2.0	8.4	14.1	34.9	27.6
Net currency translation adjustments	-82.9	-76.0	-64.3	-51.8	-75.1	-72.7	-67.2	-87.9	-85.9
Minimum pension liability adjustment	-30.4	-0.2	-0.2	-0.2	-0.2	-0.6	-0.6	-0.6	-0.6
Net unrealized losses on derivatives	—	—	-0.3	-0.7	-2.8	-4.8	-3.9	-5.4	-4.6
Cost of common stock in treasury	—	—	—	—	-0.1	-0.1	-0.1	-0.1	-0.1



# 1 Results / Stock Prices & Foreign Exchange Rate

## Financial Ratios

	1st Half FY2000	FY2000	1st Half FY2001	FY2001	1st Half FY2002	FY2002	1st Half FY2003	FY2003	1st Half FY2004
ROA	0.11%	0.28%	—	—	0.39%	0.66%	0.46%	0.81%	0.58%
ROE	1.93%	4.51%	—	—	6.82%	11.57%	6.98%	10.59%	6.04%
Net D/E Ratio (times)	10.3	9.0	11.5	10.3	9.7	8.7	7.1	5.0	4.9
Shareholders' equity-to-Total assets Ratio	5.74%	6.43%	5.15%	5.49%	5.86%	6.02%	7.13%	9.24%	10.00%
Current Ratio	104.2%	101.8%	102.0%	101.9%	100.6%	104.6%	101.5%	105.9%	107.6%

Consolidated group firms	636	598	583	515	500	484	484	502	523
Subsidiaries	440	412	401	354	345	327	330	348	360
Affiliated companies	196	186	182	161	155	157	154	154	163
Profit-making firms	441	480	403	391	385	375	361	390	380
Profit-making firm ratio	69.3%	80.3%	69.1%	75.9%	77.0%	77.5%	74.6%	77.7%	72.7%
Profit amount (JPY bn)	32.8	66.3	22.7	51.0	39.3	65.3	36.8	63.8	47.8
Loss-making firms	195	118	180	124	115	109	123	112	143
Loss-making firm ratio	30.7%	19.7%	30.9%	24.1%	23.0%	22.5%	25.4%	22.3%	27.3%
Deficit amount (JPY bn)	-18.7	-34.6	-66.2	-107.6	-17.4	-31.1	-21.9	-43.4	-23.6

## Stock Prices, Foreign Exchange & Interest Rates

	1st Half FY2000	FY2000	1st Half FY2001	FY2001	1st Half FY2002	FY2002	1st Half FY2003	FY2003	1st Half FY2004
Nikkei Stock Average (Term-end) (yen)	15,747.26	12,999.70	9,774.68	11,024.94	9,383.29	7,972.71	10,219.05	11,715.39	10,823.57
Exchange Rates (¥/\$)									
Term-end rate for March-closing companies	108.00	123.90	119.40	133.25	122.60	120.20	111.25	105.69	111.05
Average rate for March-closing companies	107.17	110.58	122.21	125.14	123.14	121.95	118.05	113.07	109.86
Term-end rate for December-closing companies	105.50	114.75	124.60	131.95	119.50	119.90	119.80	107.13	108.43
Average rate for December-closing companies	106.91	107.83	120.43	121.54	129.78	125.35	118.72	115.99	108.52
Interest Rates (Term-end)									
Short-term Prime Rate	1.50 %	1.38 %	1.38 %	1.38 %	1.38 %	1.38 %	1.38 %	1.38 %	1.38 %
Long-term Prime Rate	2.30 %	1.90 %	1.65 %	2.30 %	1.70 %	1.50 %	1.85 %	1.65 %	1.70 %
US Prime Rate	9.50 %	8.00 %	6.00 %	4.75 %	4.75 %	4.25 %	4.00 %	4.00 %	4.75 %

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## II . Financial Prospects for FY2004

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**Consolidated Financial Prospects for FY2004 Ending March 31, 2005**

(billions of yen)

	1st Half FY2004 Results	FY2004 Prospects announced in May	FY2003 Results	Variance
Total volume of trading transactions	3,700	7,600	7,900	-300
Gross trading profit	211.4	435.0	409.5	+25.5
Expenses	-171.8	-350.0	-330.8	-19.2
(SGA expenses)	(-169.4)	(-342.0)	(-330.0)	(-12.0)
(Provision for doubtful accounts)	(-2.4)	(-8.0)	(-0.8)	(-7.2)
Operating profit (loss)	39.5	85.0	78.6	+6.4
(Interest expense, net of interest income)	(-12.6)	(-28.0)	(-23.5)	(-4.5)
(Dividends)	(-4.9)	(6.0)	(7.2)	(-1.2)
(Other-net)	(-0.4)	(-12.0)	(-3.4)	(-8.6)
Income before income taxes and equity in earnings (losses)	31.5	51.0	58.9	-7.9
Provision for income taxes	-18.3	-27.0	-35.6	+8.6
Income before equity in earnings (losses)	13.2	24.0	23.3	+0.7
Minority interests in income (loss) of consolidated subsidiaries	-1.5	-3.0	-3.0	+0.0
Equity in earnings (losses) of affiliated companies - net	12.5	16.0	14.3	+1.7
Net income	24.2	37.0	34.6	+2.4

(Note) For Japanese investors' convenience, Total volume of trading transactions and Operating profit are shown according to Japanese accounting principles generally accepted in Japan.

**Gross Trading Profit by Operating Segment**

(billions of yen)

	1st Half FY2004 Results	FY2004 Prospects announced in May	FY2003 Results	Variance
Agri-Marine Products	36.3	76.5	61.4	+15.1
Textile	12.3	26.5	23.9	+2.6
Forest Products and General Merchandise	22.5	45.5	42.0	+3.5
Chemicals	14.5	29.0	24.9	+4.1
Energy	19.9	32.0	30.8	+1.2
Metals and Mineral Resources	7.4	13.5	12.2	+1.3
Transportation and Industrial Machinery	27.9	53.0	55.8	-2.8
Utility and Infrastructure	10.1	22.5	20.6	+1.9
Plant and Ship	5.9	15.0	8.8	+6.2
Development and Construction	10.8	27.0	27.9	-0.9
Finance & Logistics Business	3.0	6.0	4.9	+1.1
Telecom & Information	11.6	26.0	20.0	+6.0
Overseas Corporate Subsidiaries & Branches	40.7	74.0	78.9	-4.9
Corporate and Administration etc.	-11.5	-11.5	-2.6	-8.9
<b>Total</b>	<b>211.4</b>	<b>435.0</b>	<b>409.5</b>	<b>+25.5</b>

**Net Income by Operating Segment**

(billions of yen)

	1st Half FY2004 Results	FY2004 Prospects announced in May	FY2003 Results	Variance
Agri-Marine Products	1.4	5.5	7.0	-1.5
Textile	1.0	2.5	1.8	+0.7
Forest Products and General Merchandise	4.2	7.5	6.3	+1.2
Chemicals	3.5	4.0	3.3	+0.7
Energy	7.2	8.5	10.1	-1.6
Metals and Mineral Resources	4.1	4.5	4.3	+0.2
Transportation and Industrial Machinery	-1.1	1.5	-0.4	+1.9
Utility and Infrastructure	4.5	4.0	5.1	-1.1
Plant and Ship	0.7	-3.5	-4.5	+1.0
Development and Construction	-2.7	-2.5	-0.2	-2.3
Finance & Logistics Business	1.6	2.5	2.5	+0.0
Telecom & Information	-3.0	-7.0	-7.9	+0.9
Overseas Corporate Subsidiaries & Branches	4.4	5.5	5.5	+0.0
Corporate and Administration etc.	-1.6	4.0	1.7	+2.3
<b>Total</b>	<b>24.2</b>	<b>37.0</b>	<b>34.6</b>	<b>+2.4</b>

**Total Assets by Operating Segment**

(billions of yen)

	1st Half FY2004 Results	FY2004 Prospects announced in May	FY2003 Results	Variance
Agri-Marine Products	394.8	411.0	417.7	-6.7
Textile	129.7	140.0	127.0	+13.0
Forest Products and General Merchandise	324.3	323.0	315.7	+7.3
Chemicals	171.3	170.0	147.1	+22.9
Energy	299.7	331.0	319.6	+11.4
Metals and Mineral Resources	189.2	187.0	180.3	+6.7
Transportation and Industrial Machinery	302.1	281.0	306.7	-25.7
Utility and Infrastructure	414.4	379.0	409.2	-30.2
Plant and Ship	379.0	359.0	343.1	+15.9
Development and Construction	332.6	333.0	330.5	+2.5
Finance & Logistics Business	126.6	136.0	144.4	-8.4
Telecom & Information	143.2	149.0	144.2	+4.8
Overseas Corporate Subsidiaries & Branches	502.2	447.0	499.6	-52.6
Corporate and Administration etc.	364.0	454.0	569.0	-115.0
<b>Total</b>	<b>4,073.0</b>	<b>4,100.0</b>	<b>4,254.2</b>	<b>-154.2</b>

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Listed : Tokyo, Osaka, Nagoya, Fukuoka, Sapporo

Head Office: Tokyo

Representative: KATSUMATA, Nobuo President and CEO, Member of the Board

Enquiries : (Tokyo) Name HASHIMOTO, Takashi TEL(03)3282-4803

Title General Manager, Media Relations Sec.

Corporate Communications Dept.

Date of Director meeting for 1st Half FY2004 Financial Results : November 1, 2004

Adoption of US GAAP : YES

**1. Consolidated financial results for 1st Half FY2004 (April 1, 2004 - September 30, 2004)****(1) Consolidated statements of income**

	Total volume of trading transactions		Operating profit		Income before taxes & equity in earnings	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
1st Half FY2004	3,742,718	-2.2	39,526	1.5	31,503	6.9
1st Half FY2003	3,825,357	-11.3	38,959	-0.9	29,459	7.3
FY2003	7,905,640		78,624		58,900	

	Net income		Earnings per Share	Diluted EPS
	(millions of yen)	(%)	(yen)	(yen)
1st Half FY2004	24,159	22.6	16.18	13.06
1st Half FY2003	19,703	10.7	13.19	12.32
FY2003	34,565		22.85	20.16

(Note) [1] Equity in earnings-net 1st Half FY2004 12,487 million yen

1st Half FY2003 6,890 million yen FY 2003 14,271 million yen

[2] Average number of outstanding shares for the term  
 (Consolidated basis) 1st Half FY2004 (Common Stock) 1,493,239,443 Class I preferred shares 75,500,000  
 1st Half FY2003 (Common Stock) 1,493,255,846  
 FY2003 (Common Stock) 1,493,219,051 Class I preferred shares 22,072,404

[3] Any changes of accounting method? No

[4] The ratio of total volume of trading transactions, operating profit, income before taxes and equity in earnings, and net income represents the changes from the same period of the previous fiscal year

[5] For Japanese investors' convenience, Total volume of trading transactions and Operating profit are shown according to Japanese accounting practice. Total volume of trading transactions is the sum of those in which Marubeni & its consolidated subsidiaries ("the Companies") act as principal and those in which the Companies act as agent.

[6] The results for the 1st Half FY2003 is partly restated in order to be matched with the results for the 1st Half FY2004.

**(2) Consolidated balance sheet**

	Total assets	Shareholders' equity	Shareholders' equity/ total assets	Shareholders' equity per share
	(millions of yen)	(millions of yen)	(%)	(yen)
September 30, 2004	4,073,032	407,409	10.0	222.32
September 30, 2003	4,263,518	304,177	7.1	203.70
March 31, 2004	4,254,194	392,982	9.2	212.36

(Note) Number of outstanding shares at September 30, 2004 (Common Stock) 1,493,297,203 Class I preferred shares 75,500,000  
 (Consolidated basis) at September 30, 2003 (Common Stock) 1,493,229,821  
 at March 31, 2004 (Common Stock) 1,493,306,648 Class I preferred shares 75,500,000

**(3) Consolidated cash flow**

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the term
				(millions of yen)
1st Half FY2004	34,829	-73	-222,616	292,153
1st Half FY2003	72,374	10,555	-30,115	520,282
FY2003	201,560	57,983	-233,938	478,731

(4) Number of consolidated subsidiaries and affiliated companies accounted for by equity method

Subsidiaries 360 Affiliated companies 163

(5) Increase/decrease of consolidated subsidiaries and affiliated companies accounted for by equity method

Subsidiaries (Newly included) 20 (Excluded) 8 Affiliated companies (Newly included) 13 (Excluded) 4

**2. Consolidated financial prospects for FY2004 (April 1, 2004 - March 31, 2005)**

	Total volume of trading transactions	Net income
	(millions of yen)	(millions of yen)
For the year ending March 31, 2005	7,600,000	37,000

(Reference) EPS prospect of the year ending March 31, 2005 23.77 (yen)

Remarks: The above prospects are based upon available information and assumption, at the announcement date, about uncertain factors which would influence upon future businesses. Actual results might be influenced by various factors in the future. Assumptions of the above prospects are mentioned in page 20.

## Business Group

The major activities of Marubeni's business group are sales and trades of wide range of products and commodities, making the most of our world wide business bases and information network. In addition, we offer various financing and project-organizing services to customers, and also work on diversified businesses like natural resource development and investment in leading-edge technologies.

The Company breaks its operating segments into 12 segments identified by product and service, in addition to its domestic branches and offices, and overseas corporate subsidiaries and branches.

Below are our products and services, and some of our major group firms by operating segment.

**Agri-marine products:** This group produces and handles all sorts of foods such as agricultural and marine products, processed food and beverages, raw materials and fodder and manure in addition to distributing these products both domestically and internationally.

**Subsidiaries:** Marubeni Nisshin Feed Co., Ltd., Nacx Nakamura Corporation  
Pacific Grain Terminal Ltd.,  
Ten Corporation (\*1), Cia. Iguazu de Café Solúvel

**Affiliated companies:** Yamaboshiya Co., Ltd., The Maruetsu, Inc.,  
Katakura Chikkarin Co., Ltd., The Nisshin Oil Group, LTD.,  
Toyo Sugar Refining Co., Ltd.

**Textile:** As a consistent organization handling various textile-related goods from raw materials through finished products, the group purchases and produces raw materials for apparel and designs and sells apparel and living products in addition to rendering distribution services both domestically and internationally.

**Subsidiaries:** Marubeni Fashion Link, Limited, Marubeni Intex Co., Ltd,  
Marubeni Textile Asia Ltd.

**Affiliated companies:** Fabricant Co., Ltd., Erawan Textile Co., Ltd.

**Forest products and general merchandise:** Besides selling rubber products, footwear and housing materials, the group operates leisure facilities, manufactures and sells raw materials for paper production, paper and cardboard, and takes part in afforestation projects both domestically and internationally.

**Subsidiaries:** Marubeni Pulp & Paper Sales Co., Ltd., Koa Kogyo Co., Ltd.,  
Marubeni Building Materials Co., Ltd.

**Affiliated companies:** Marusumi Paper Co., Ltd., Daishowa-Marubeni International Ltd.

# Marubeni Corporation

**Chemicals:** This group handles a wide variety of goods ranging from basic chemicals to leading-edge materials or bio technology-related articles for sale both domestically and internationally. Especially, this group focuses on furthering bolster efficient operations in electronic materials, retail, resource development and environmental area.

**Subsidiaries:** Marubeni Plax Corporation, Marubeni Chemix Corporation

**Affiliated companies:** Shanghai Asahi Electronic Glass Co., Ltd., Dampier Salt Limited

**Energy:** This group focuses on products related to energy such as oil, gas, nuclear energy, etc. It also enters into various sorts of businesses which benefit from the development of resources through retail such as gas stations.

**Subsidiaries:** Marubeni Energy Corporation, Marubeni Liquefied Gas Corporation

**Affiliated companies:** Shenzhen Sino-Benny LPG Co., Ltd.

**Metals and mineral resources:** This group produces, processes and sells nonferrous light metals both domestically and internationally, in addition to processing and selling raw materials for production of steel and light metals internationally.

**Subsidiaries:** Marubeni Metals Corporation, Marubeni Tetsugen Co., Ltd.

Marubeni Aluminium Australia Pty. Ltd.

**Affiliated companies:** Toyo-Memory Technology Sdn. Bhd.

**Transportation and industrial machinery:** This group imports and exports airplanes, defense-related equipment, aerospace-related equipment, automobiles, construction machinery, agro-industrial machines, production machinery, environmental and industrial machines, PC's and PC-related products, medical-related equipment both domestically and internationally, and also markets them in Japan.

**Subsidiaries:** Marubeni Aerospace Corporation,

Marubeni Auto & Construction Machinery America, Inc.,

Marubeni Techno-Systems Corp.

**Affiliated companies:** Sofmap Co., Ltd., Marubeni Infotec Corporation,

Kubota Europe S.A., Unipres U.S.A. Inc.

**Utility and infrastructure:** This group develops and promotes the privatization of electricity, water supply and sewerage, and solid waste businesses both domestically and internationally. In addition, the group promotes construction, installment and supply businesses related to railroads, airports, harbors, bridges and others.

**Subsidiaries:** Marubeni Power Systems Corporation, Marubeni Power Ventures, Inc.

Sithe Asia Holdings, San Roque Power

**Affiliated companies:** Uni-Mar Enerji Yatirimlari A.S.



**Plant and ship:** This group deals with various projects and equipments related to iron and cement manufacturing, petrochemicals, fertilizer, petroleum refining, gas related business, etc. Also, the group trades new and second-hand vessels or shipping materials, in addition to shipping operation and chartering.

**Subsidiaries:** Marubeni Tekmatex Corporation, Marubeni Protechs Corporation,  
Koyo Line Ltd.

**Affiliated companies:** PT. Chandra Asri

**Development and construction:** This group mainly develops and sells condominiums, and rents and subleases commercial buildings in Japan, while operating asset/property management business concerning real estate fund and investment trust.

**Subsidiaries:** Marubeni Real Estate Co., Ltd., Marubeni Real Estate Sales Co., Ltd.,  
Benny Estate Service Co., Ltd.  
Shanghai House Property Development

**Affiliated companies:** Tipness Co., Ltd., Koshigaya Community Plaza Co., Ltd.

**Finance and logistics business:** Both domestically and internationally, this group is involved in various financial businesses such as investment finance - fund management and fund investment - and financial product trading, while in the logistics area, it operates forwarding business and logistics related consultation, and invests in logistics infrastructure. In the insurance area, it operates insurance intermediary business.

**Subsidiaries:** Marubeni Logistics Corporation, Marubeni Safenet Co., Ltd.  
Marubeni International Finance p.l.c.

**Affiliated companies:** MG Leasing Corporation,  
Eastern Sea Leam Chabang Terminal Co., Ltd.

**Telecom & Information:** This group is engaged in information technology-related businesses : such as IP network infrastructures, overseas communication facilities, national identification system related business, cellular phones, BS/CS broadcasting, RFID related business, ASP/ISP, etc., both domestically and internationally.

**Subsidiaries:** Marubeni Telecom Co., Ltd. (\*1), Marubeni Solutions Corporation,  
Marubeni Information Systems Co., Ltd., Global Access Ltd.

**Affiliated companies:** Japan Cablenet Holdings Ltd.

**Domestic branches and offices:** Domestic branches and offices are located throughout Japan, and handle various merchandise and carry out related activities.

**Subsidiaries:** IMT Corporation

# Marubeni Corporation

**Overseas corporate subsidiaries and branches:** Overseas corporate subsidiaries and branches are located throughout the world, and handle various merchandise and perform related activities.

**Overseas corporate subsidiaries:** Marubeni America Corporation, Marubeni Europe p.l.c.,  
Marubeni Hong Kong and South China Ltd.

**Subsidiaries:** Helena Chemical Company, Carlisle Leasing International LLC

**Corporate and administration, etc.:** This group carries out financial services, group finance, etc.

**Subsidiaries:** Marubeni Finance Corporation  
Marubeni Management Resources Corp.

**Affiliated companies:** Marubeni-Itochu Steel Inc.  
Marubeni Construction Material Lease Co., Ltd.

(\*1) Domestic listed subsidiaries:

Marubeni Telecom Co., Ltd. (Tokyo Stock Exchange Section 2),  
Ten Corporation (JASDAQ)

# Marubeni Corporation

## Management Policy

### Management Policy

#### 1. Fundamental management policy

Marubeni is now implementing the “V” PLAN, the three-year medium-term management plan starting from FY2003, expediting our process of strengthening our earnings base and improving our financial position. During FY2003, the first year of the plan got off to a smooth start, with consolidated net income attaining its highest level ever and net interest-bearing debt falling to the FY2005 numerical targets two years ahead of schedule.

In FY2004, management has endeavored to continue and advance the “V” PLAN at an accelerated pace.

The “V” PLAN states that Marubeni's management policy is to “aim to be a robust corporate group possessing the top portfolio units in each industry”. Based on this plan, we are endeavoring to “improve our financial position” and “reinforce our earnings base” by putting solid management into practice. We are implementing management strategies tailored to the respective business models and attempting to focus thoroughly on risk-return and cash flow.

#### 2. Progress status of the “V” PLAN, the new medium-term management plan

The “V” PLAN calls for consolidated net income of 50 billion yen, consolidated net interest-bearing debt of 2,000 billion yen or less, and a net D/E ratio of 4 to 5 times as numerical targets for FY2005. The company's progress achieved toward those targets is outlined below.

FY2004, the second year of the “V” PLAN, also progressed smoothly, with a consolidated net income of 24.2 billion yen for the 1<sup>st</sup> Half FY2004, or 22.6% higher compared to that of the previous year. The consolidated net interest-bearing debt for the 1<sup>st</sup> Half FY2004 was 1,978 billion yen (1,969.3 billion yen for the end of FY2003), being able to achieve a gain in earnings while maintaining a consolidated net interest-bearing debt within 2,000 billion yen. Furthermore, in the second half of FY2004, the company continued to accumulate new loans and investments in core business fields, and we intend to pursue further expansion through asset replacement into priority areas.

The accumulation of consolidated net income resulted in a net interest-bearing D/E ratio of 4.86 times at the end of the 1<sup>st</sup> Half FY2004 (a net interest-bearing D/E ratio of 5.01 times for the end of FY2003), achieving the “V” PLAN numerical target 18 months early.

Following is a discussion of operating environments during the 1<sup>st</sup> Half FY2004, by operating sector.

#### **A) Agri-marine Products Division**

With regard to beverage ingredients, this division showed favorable performance in supporting an increased demand for beverage products as a result of this summer's high temperatures. Marubeni also performed favorably in grain transactions. Additionally, we have replaced our supplier nations and products in response to the restrictions on beef imports from the U.S. resulting from BSE and on fresh poultry from Asia resulting from bird flu.

#### **B) Textile Division**

In anticipation of huge leaps expected in textile-related demand within China, and to promote transactions of finished products from Asia bound for the U.S. and Europe, we established a textile team dedicated to the Chinese market, and a team to boost trading abilities in the textile field between markets outside of Japan. Furthermore, in the realm of high-tech textiles, we began the manufacture and sale of carbon multi-cross textiles in expectation of their demand in a wide range of fields, including vehicles, aircrafts, and construction.

#### **C) Forest Products & General Merchandise Division**

Both foreign and domestic demands for paper products were favorable, and continued to process transactions in the midst of strong market conditions. In contrast, pulp price which continued to rise since the beginning of this year, came down in a correction phase of the drop-off months in summer, and then bottomed out after Chinese dealers turned into net buyer at the beginning of the high-demand autumn season. Waste paper has been showing active movement against the backdrop of growth in demand in China and Asia, and in response to the increase of demand for waste paper in China, we plan to set up a waste paper processing and sales company within the year.

#### **D) Chemicals Division**

In the petrochemicals and plastics field, on top of a flourishing demand in Asia, particularly in China, we continue to achieve high results in petrochemical commodities resulting from decreases in production due to high costs of raw materials, and shipping restrictions due to factory troubles. The company concluded firm upstream transactions focusing on synthetic fiber materials, resin materials, and vinyl chloride monomers and synthetic resins. In China, Marubeni Chemicals (Shanghai) Co., Ltd. was newly established as a general sales company aimed at strengthening and expanding the sales of chemical products excluding electronic materials.

#### **E) Energy Division**

Petroleum gas production enterprises and LNG projects in such countries as Britain, the U.S., India, and Qatar improved favorably. In addition to these, the Company reinforced its profit bases through additional acquisition of the gas field rights and interests in the North Sea in British territory. Furthermore, petroleum product trading enterprises and LPG import sales enterprises in China also continued to perform well.

## **F) Metals & Mineral Resources Division**

In the resource development field, the rights and interest purchases in the Hail Creek Coal Project in Australia increased from 5.33% to 6.67%, and a decision was made to increase its annual production volume from 6 million tons to 8 million tons. Furthermore, we acquired exclusive sales rights to Japan for Grand Cache coal and Willow Creek coal from Canada. The Los Pelambres copper mine in Chile continued production at full capacity, and the operation continued to perform steadily.

In the field of electronic materials, we decided to establish a joint production company with Toyo Steel Corporation and Shenzhen Kaifa Technology Company in Shenzhen, China, to produce glass disk substrates for hard disk drives. Beginning in 2005, launch production is targeted at 400 thousand pieces per month.

## **G) Transportation & Industrial Machinery Division**

In addition to favorable earnings generated by investment in aircraft engine development, sales were successful in U.S.-manufactured business jets. Overseas sales of automobiles to Chile and other countries and sales of precision processors to the United States were favorable, and exports of construction machinery to Asia and the Middle East were expanded. We also supplied automotive parts manufacturing lines to Mexico.

## **H) Utility & Infrastructure Division**

In the field of overseas IPP operations, Marubeni participated in planning the first commercial base wind power generating operation in South Korea. In addition, we received orders for equipment for the Indonesian government-owned Electric Power Company's Tarahan Coal-Fired Steam Power Plant and the India Central Electricity Authority's Koldam Hydroelectric Power Project, and electrical transmission wire equipment for the Qatar General Electricity and Water Corporation. In the area of transportation projects, the potential exists for receipt of an order for medium speed railway cars of a local Chinese rail line as one member of the Japanese consortium.

## **I) Plant & Ship Division**

Marubeni received orders for gas and petroleum field development projects for oil and gas producing countries in the Middle and Near East and CIS, and for an iron manufacturing plant in Brazil. In the ship sector, continuous and dynamic conditions in the shipping market generated receipts of new ship orders, and independent ship operations continued to show favorable performance.

## **J) Development & Construction Division**

In the mainstay domestic condominium sales segment, the conveniently located Famille Ginza East property development project in central Tokyo and family-targeted properties such as Famille Grand Rokko Akamatsucho in the Kinki region, were successfully sold out. Furthermore, in the overseas market, sales in the Phoenix City Condominium Project in Shanghai, China, sold well.

## **K) Finance & Logistics Business Division**

In the financial sector, 46.5 billion yen was reached in the final drive for the third MBI

corporate acquisition fund, and other fund operations proceeded favorably by the execution of new investments from existing funds and the execution of exits. In the logistics area, by working through consulting sales and promotion, Marubeni is intensely engaged in 3PL (third party logistics) by making practical use of its logistics infrastructure and affiliation with partnership enterprises. Furthermore, we are making new strides into the temporary staffing and advertising businesses.

#### **L) Telecom & Information Division**

Overseas, Marubeni received orders for wireless UHF-band IC tags for use with luggage management by the Airport Authority in Hong Kong. In addition, negotiations regarding public security issues have been progressing in Spain, South Africa, and Costa Rica etc. Domestically, Global Access Ltd., a company engaged in the optical cable networking business, steadily boosted sales for telecom industry due to acceleration of a switch to broadband, and its operating performances continued to be favorable.

#### **M) Domestic branches and offices**

Earnings at domestic branches and offices, led by the Nagoya Branch, were steady. Marubeni endeavored to strengthen and expand business with the company focused in Chemicals, Agri-marine products, Forest products & general merchandise, and Industrial machinery markets in order to contribute to the invigoration of regional economies and generate an increase in earnings.

#### **N) Overseas corporate subsidiaries and branches**

Marubeni America Corporation's major businesses of Helena Chemical Company (sales of agricultural chemicals and fertilizers) and Carlisle Leasing International (lease of maritime containers for refrigeration and freezing) have seen an increase in earnings, and Marubeni Europe p.l.c. recorded a robust business in the chemical sector. Furthermore, operations at the Asian and Chinese branches and offices have also done well.

### **3. Corporate governance**

Note: In this document, when the "Marubeni group" is mentioned, this refers to Marubeni Corporation and its consolidated subsidiaries.

#### **Basic viewpoint regarding corporate governance**

We, the directors and employees of the Marubeni group, shall observe the letter of the laws, regulations and internal corporate rules, by observing the values of "Fairness, Innovation, and Harmony" expressed in our Company Creed and with the spirit expressed in the Marubeni Corporate Principles, and shall conduct our business activities in compliance with a high corporate ethical code and moral-minded management philosophies.

Based on the Company Creed, the Company Doctrine, and the Marubeni Corporate Principles, we are striving to strengthen our corporate governance.

## **Company Creed**

Fairness: To be fair and decent.

- We shall observe the laws and conduct fair corporate activities.

Innovation: To be active and innovative.

- We shall constantly strive to improve ourselves.

Harmony: To respect each other and cooperate

- We shall stay in touch with society and stakeholders, engaging in corporate activities that advance credibility as the number one principle.

## **Company Doctrine**

Taking up the spirits of "Fairness - Innovation - Harmony", the Marubeni Group aims to proudly contribute to the economy and society through fair and upright corporate activities.

## **Marubeni Corporate Principles**

Marubeni Corporation, as a business enterprise, will actively pursue its business interests through the exercise of fair and legal competition. As a company, Marubeni will also continue to play its part in the expansion of the global economy, while always striving to enrich the society within which it operates. In order to achieve all the elements of the aforementioned goal, Marubeni is committed to the following six basic principles of business.

### **1. Conduct fair and open business activities**

- Obey the law and be guided by fairness in all business dealings.
- Maintain sound relationships with government officials of all nations. Observe the principle of free competition in all business decisions.
- Resolutely oppose and avoid any illegal or improper business relationships and practices.

### **2. Develop a globally connected company**

- Respect international cultural diversity and seek to enhance regional prosperity through Marubeni's business activities.
- Contribute to regional economic goals by fostering regional associations adopting a global management style.

### **3. Create New Value through Business Vision**

- Be responsive to market and industry forces, but also take the initiative in creating changes in the markets by providing new products and services to the market and the customers.
- Discontinue outdated ideas and structures; challenge new possibilities.

### **4. Respect and Encourage Individuality and Originality**

- Respect the individuality of each person and create a company work environment in which originality can flourish.
- Create an environment for individuals to set goals that require self-administration or independent, creative action.

## **5. Promote Good Corporate Governance**

- Maintain a high level of management transparency or openness for information sharing in corporate relations with shareholders and society.
- Respect proposals for enhanced management accountability from shareholders and society.

## **6. Safeguard Ecological and Cultural Diversity**

- Recognize our responsibility as a good corporate citizen in world society and engage in activities, which are beneficial to that society.
- Recognize our responsibility as a global enterprise in the preservation of our earth and its resources for future generations.

### **Stakeholders**

Various stakeholders in the areas of the economy, the environment, and society support the Marubeni Group's corporate activities. Going forward, we will continue to emphasize our corporate social responsibility, and by pursuing the interests and satisfaction of every one of our stakeholders and acquiring their trust, we will build a stable and sustainable corporate group base. Marubeni defines its stakeholders as follows.

### **Customers**

Based on the needs of our customers, we shall develop and supply products and services that are socially useful, while taking sufficient account of safety, and through sincere actions, we shall constantly endeavor to improve our customers' satisfaction and acquire their trust.

### **Business Partners**

We aim to be a company that is trusted by its business partners, and we shall promote fair and transparent business transactions. In addition, based on the needs of customers, we shall strengthen cooperation with business partners to create new products and services.

### **Shareholders**

In response to changes in the business environment, we shall strive to ensure stable earnings, and besides working to enhance corporate value while focusing on environmental and social aspects of business, we shall actively and fairly disclose corporate information.

### **Employees**

We shall respect every employee's sense of values and choice of lifestyle, abolish all kinds of discrimination, and create a work environment where everyone can work comfortably.

### **Regional communities**

While aiming to live in harmony as a member of regional communities, we shall endeavor to contribute to the creation of an affluent regional society. Overseas, we shall respect the local culture and customs and strengthen management that contributes to



local development. Furthermore, we shall resolutely confront antisocial forces or organizations that threaten the order and safety of human society.

### **The Environment**

We recognize that tackling environmental problems is an essential condition for the existence and activity of corporations, and we shall engage in such measures voluntarily and actively. Moreover, we shall endeavor to reduce environmental load and contribute to the conservation of the global environment by promoting environmental businesses.

### **Action relating to corporate governance**

#### **(1) Business management organization associated with the company's management decision-making, execution, and supervision and other corporate governance systems**

##### **A Board of Directors**

The Board of Directors comprises 10 directors. It decides the execution of the company's important business operations, and supervises the performance of the duties of directors. In order to separate management and execution, the Chairman of the Company is appointed as the chairperson of the Board of Directors, as of April 1, 2004, instead of the President & CEO.

##### **B Board of Corporate Auditors**

The Board of Corporate Auditors consists of 4 auditors (including 2 external auditors). Marubeni has adopted a corporate auditor system, and based on the audit policy and audit plans formulated by the Board of Corporate Auditors, each auditor audits the performance of the duties of the directors, through attending important meetings, including those of the Board of Directors, and investigating the status of business operations and assets.

##### **C Corporate Management Committee**

Corporate Management Committee is comprised of the President & CEO and 8 directors under the jurisdiction of the President & CEO, and deliberate on general, important matters relating to management.

##### **D Committee of Corporate Vice President**

The Committee of Corporate Vice President comprises 10 directors and 22 Corporate Vice Presidents. Marubeni has adopted the executive officer systems in order to separate the supervisory functions and the business execution functions of management, and also to clarify authority and responsibility. The committee reports on matters relating to the policy directions of the President & CEO, the communication of information, and the execution of business.

In addition, we have set up 9 committees that are advisory bodies for the president and an Advisory Committee that consists of knowledgeable people from outside the company.

##### **(a) Investment and Credit Committee (meets once a week in principle)**

Discusses investment-related issues. The chair of the Investment and Credit Committee decides matters that should be discussed at the Corporate Management Committee after

being evaluated by the Investment and Credit Committee.

(b) "V" Plan Committee (meets as required)

Executes, promotes, and follows up on matters decided at the Corporate Management Committee and policy relating to the medium-term management plan.

(c) Compliance Committee (meets twice a year, otherwise meets as required)

Generally constructs, maintains, and manages the compliance system in the Marubeni Group.

(d) Management Remuneration Committee (meets as required)

Carries out discussion relating to the treatment of directors such as the remuneration of company directors.

(e) Reward and Disciplinary Committee (meets when appropriate)

Investigates and implements procedures relating to the reward and punishment of company employees.

(f) Committee on Global Environmental Preservation (meets regularly once a year, otherwise meets as required)

Discusses the basic action policy associated with environmental-related matters in general in the Marubeni group and reports on relevant activities.

(g) Customs Clearance Control Committee (meets as required)

Investigates and controls the entry of imports in general for the Marubeni group.

(h) Security Trade Control Committee (meets as required)

Promotes, plans, drafts, and implements legal compliance relating to security trade control in the Marubeni group.

(i) CSR Committee (meets as required)

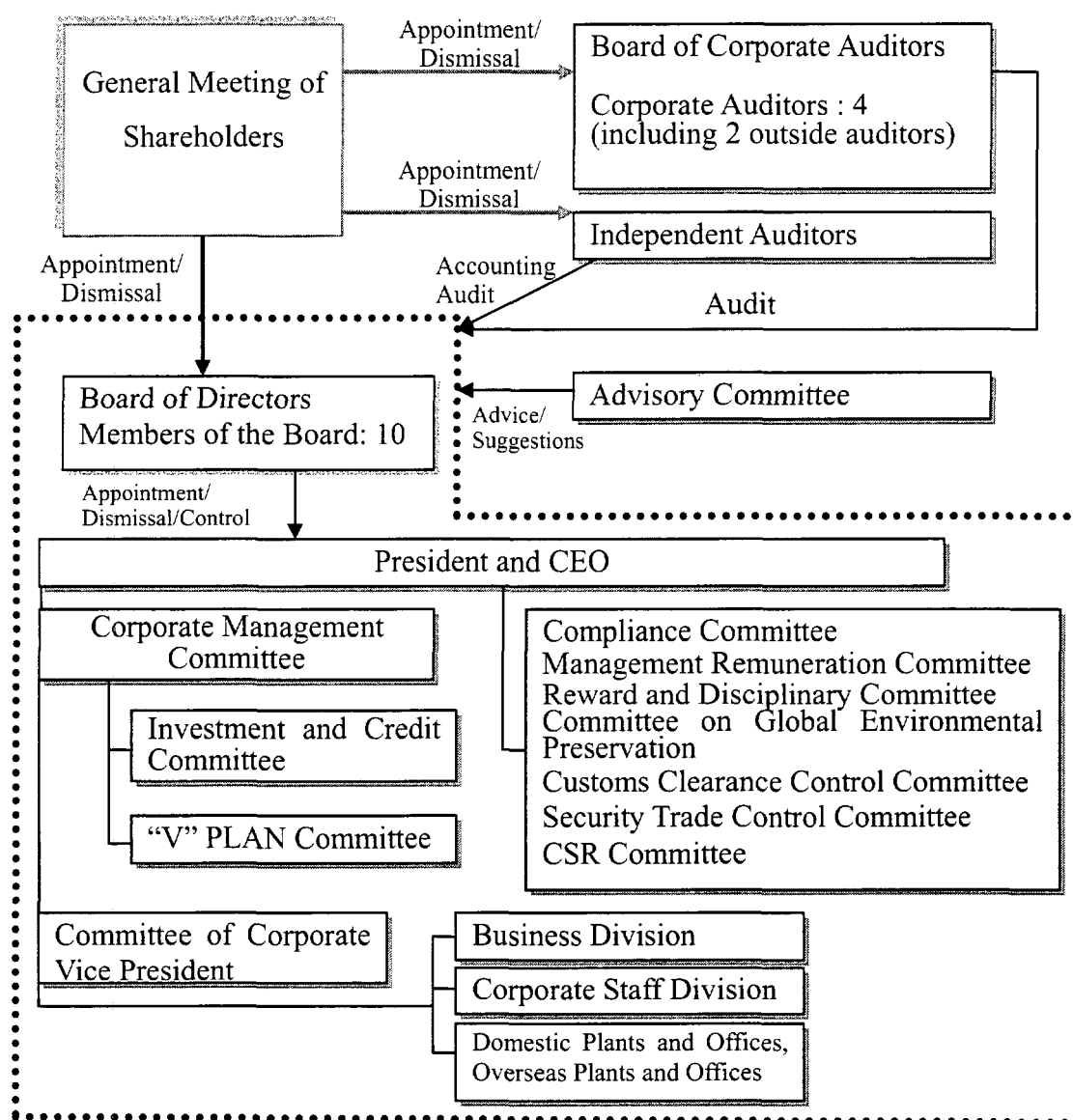
Formulates policy to handle the Marubeni group's corporate social responsibility (CSR) and reviews progress status.

(j) Advisory Committee (meets three times a year)

Improves the company's transparency and soundness by reflecting the advice and proposals of knowledgeable people outside the company in future management.

## Marubeni's system of business execution and supervision, system of internal control

Marubeni's business management organization is as shown in the chart below.



When required for the execution of business operations, we receive appropriate advice from third parties such as lawyers and accounting auditors.

## (2) Summary of personal relations between the company, the company's external directors, and external auditors as well as capital relations, business relations, and other interests

There are no external directors.

Hiroaki Shinoda, an external auditor, and Tatechika Umeda, also an external auditor, does not have any particular interests in the Marubeni group.

### **(3) Status of development of internal control system**

With the aim of enhancing the effectiveness and efficiency of business management, ensuring the reliability of financial reporting, and promoting compliance with laws and regulations and internal company rules relating to business operation, in April 2004, the Marubeni group established an internal control system task force as an organization under the direct jurisdiction of the President & CEO and thereby embarked on the systematization of an internal control system.

### **(4) Status of development of risk management system**

The Marubeni group is promoting the management of risk that have an important impact on management through the following system.

In the case of individual matters such as important issues regarding investment and credit, decision-making is carried out at the Corporate Management Committee after an investigation is conducted by the Investment and Credit Committee based on our internal approval procedure. The business department in charge follows up the matter after execution, and in the case of important issues, a current status report is regularly submitted to the Investment and Credit Committee and the Board of Directors.

We introduced the “portfolio” approach for our risk management, i.e. capturing the risk of our overall assets, which are diversified and therefore, have the certain level of correlation.

This is an integrated risk management centered on risk assets that are quantified (through the calculation of Value at Risk (VaR), which takes into account the effect of diversification and correlational factors) using numerical methods to determine the risk of the maximum potential loss in the value of the various assets held by the Marubeni group.

Risk assets are also based on the calculation of PATRAC, an earnings valuation indicator, and we use this not only for risk management, but also in managing the earnings of the Marubeni group.

In order for the company to meet the various demands of its stakeholders, we must ensure that the company continues to exist for a long time. To this end, it is of course important to pursue profits, but if these are not earned through sound corporate activities, they will have no value at all. Marubeni regards compliance as the most important obligation of management to society, and we have established the Compliance Committee under the direct jurisdiction of the President & CEO as an organization that supports and directs every one of the Marubeni group's directors and employees to reliably implement compliance. Besides drafting the Compliance Manual, Marubeni has also established a reporting and consultation access point dubbed the "Door of Courage"\*.

The persons in charge of compliance in the Marubeni group are the compliance officers that have been commissioned by the President & CEO. In addition, we have appointed 16 compliance officers at departments, offices, and branches as personnel that are in charge of compliance at their respective divisions and group companies.

\*Door of Courage: When employees or directors are aware of any conduct that is inappropriate for the compliance system, in principle those directors or employees are expected to report such conduct in accordance with the established lines of the staff organization. In addition, we have established the following compliance consultation access points in case the usual lines of reporting do not function properly.

- Compliance Committee channel
- External legal counsel channel

#### **4. Basic policy regarding profit distribution**

At Marubeni, we recognize that it is an important corporate responsibility to maximize corporate value and competitiveness, by increasing and making effective use of internal reserves, and at the same time to continue to distribute dividends to shareholders in a stable manner.

Therefore, we decided to forgo the payment of the interim dividends for this period.

For FY2004, in order to provide shareholders with steady dividend payments, we intend to pay a year-end cash dividend of 3 yen per share, as in the previous fiscal year. We intend to pay “pre-defined” fiscal year-end dividend of 20 yen per share for the preferred shares.

# Financial Results and Conditions

## 1. Financial Results

### Business Environment

Looking broadly at overseas economies during the 1<sup>st</sup> half of FY2004, a continuing recovery centered on the U.S. economy and China's economy, and with low interest rates and price stability during the second half of 2003, favorable economic conditions spread simultaneously throughout the rest of the world.

In the U.S. economy, consumer spending and capital investment expanded, and the economy trended firmly. Prices stabilized as the economy continued to expand, assisted by the narrow pace of rising interest rates.

In the European economy, although its economy was still suffering from weak domestic demand resulting from employment stagnation, it continued to quietly pursue an initiative of expanding foreign demand in response to global prosperity. The European Central Bank maintained its policy of quantitative easing against a backdrop of price stability and economic downturn risks, which led to support the economy.

The Asian economy benefited from the global prosperity and an increase in demand for IT, and economic growth exceeding that of the previous year was seen in many countries. Favorable business conditions existed in the Chinese economy, although regulation of fixed-asset investments to preclude some sectors from overheating was seen. Additionally, the growing pressure of the Renminbi remained limited due to the tendency toward trade surplus reduction owing to import expansion. The four NIES nations, Korea, Taiwan, Hong Kong and Singapore enjoyed balanced domestic and foreign demand which resulted in overall growth. The four ASEAN nations, Indonesia, Thailand, Malaysia, and the Philippines, had economic growth led by domestic demand. Only in South Korea did uncertainty linger as a major concern from delays in employment recovery and the weakness in domestic demand resulting from increases in individual debt.

Brazil's economy displayed an overall expansion of foreign demand initiatives through increased demand and price hikes for primary commodities, in line with the global prosperity. In Russia, the economy grew steadily stemming from domestic and foreign demand resulting from increases in oil prices. And in India, economic conditions improved steadily due to favorable performance in the transportation, commerce, and agriculture sectors.

In Japan, export initiatives for economic recovery continued through the 1<sup>st</sup> half of FY2004. Exports gradually improved against the background of Asian economic expansion centered in China. In financial markets, the Bank of Japan maintained its policy of quantitative easing, and stock prices generally stabilized. In response, business confidence stabilized and capital investments increased against a background of favorable corporate earnings, a boom in digital appliances, etc. However, the effects on consumption through increases in compensation of employees were limited, and did not result in a curb on deflation.

## Consolidated Financial Results

The summary of consolidated financial results for the 1<sup>st</sup> Half of FY2004 is as follows:

(billions of yen)

	1st Half FY2004	1st Half FY2003	Variance	
			Amount	%
Total volume of trading transactions	3,742.7	3,825.4	-82.6	-2.2%
Gross trading profit	211.4	198.6	12.8	6.5%
Operating profit	39.5	39.0	0.6	1.5%
Income before income taxes and equity in earnings	31.5	29.5	2.0	6.9%
Net income	24.2	19.7	4.5	22.6%

Revenue	1,535.8	1,357.9	177.8	13.1%
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(Note) For Japanese investors' convenience, Total volume of trading transactions and Operating profit are shown according to accounting principles generally accepted in Japan.

On a consolidated basis, Marubeni's **total volume of trading transactions** during the 1<sup>st</sup> half FY004 decreased 2.2% to 3,742.7 billion yen.

**Gross trading profit** increased 6.5%, or 12.8 billion yen, to 211.4 billion yen.

**Operating profit** increased 1.5 %, or 0.6 billion yen, to 39.5 billion yen, in line with an increase in gross trading profit, a rise in selling, general and administrative expenses and provision for doubtful accounts notwithstanding.

Although there was a decline in (gains) losses on property and equipment and other (gains) losses, owing to the increase in operating profit and improvement in earnings from investment securities, **income before income taxes and equity in earnings** rose 6.9 %, or 2.0 billion yen, to 31.5 billion yen.

Owing to improvements in equity in earnings by 81.2%, or 5.6 billion yen, **net income** resulted in an increase by 22.6%, or 4.5 billion yen, to 24.2 billion yen.

Furthermore, "**Revenue**" presented in accordance with US GAAP (Emerging Issue Task Force (EITF) 99-19) for the 1<sup>st</sup> Half FY2004, increased by 13.1% or 177.8 billion yen, to 1,535.8 billion yen.

## 2. Financial Condition

### Consolidated Financial Conditions

A summary of the consolidated balance sheets for the 1<sup>st</sup> Half of FY2004 is as follows:  
(billions of yen)

	September 30, 2004	March 31, 2004	Variance
Total assets	4,073.0	4,254.2	-181.2
Shareholders' equity	407.4	393.0	14.4
Interest-bearing debt	2,276.3	2,454.8	-178.5
Net interest-bearing debt (Net D/E ratio)	1,978.0 4.86 times	1,969.3 5.01 times	8.7 -0.15 points

Net interest-bearing debt after factoring out impact of FAS No. 133 (Net D/E ratio)	1,959.3 4.81 times	1,948.0 4.96 times	11.3 -0.15 points
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**Consolidated total assets** fell 181.2 billion yen to 4,073.0 billion yen over the end of the previous fiscal year, as increases in investments and long-term receivables due to equity in earnings of affiliates were more than offset by a decrease in cash and cash equivalents. **Consolidated interest-bearing debt** fell by 178.5 billion yen to 2,276.3 billion yen due to cutting of total assets. Net interest-bearing debt excluding cash and cash equivalents was down 8.7 billion yen to 1,978.0 billion yen. **Shareholders' equity** grew by 14.4 billion yen to 407.4 billion yen, as the Company posted a net income, a deterioration in accumulated other comprehensive loss notwithstanding. As a result, the **net D/E ratio** improved 0.15 points over the previous fiscal year-end of 5.01 times to 4.86 times.

**Net cash provided by operating activities** fell 37.5 billion yen to 34.8 billion yen as a result of increase in trade receivables. **Net cash used by investing activities** amounted to -0.1 billion yen due to the purchase of property, plant, and equipment, the collection of loans notwithstanding.

As a result, 34.8 billion yen in free cash flow was generated during the term under review.

As the company appropriated the income from this free cash flow and cash and cash equivalents to reduce interest-bearing debt, **net cash used in financing activities** was 222.6 billion yen, and the balance of **cash and cash equivalents** at the end of the fiscal year decreased by 186.6 billion yen from the end of the previous year to 292.2 billion yen.



### (3) Financial Prospects for the Fiscal Year Ending March 31, 2005

Financial prospects for the year ending March 31, 2005, is as follows:

(billions of yen)

	Forecast FY2004	Result FY2003
Total volume of trading transactions	7,600.0	7,905.6
Net income	37.0	34.6

Major assumptions:

Foreign exchange rate: US\$1 = approx. 110 yen

Short-term prime rate (Japan): 1.375%

Long-term prime rate (Japan): 1.7%

Marubeni Corporation

Consolidated Statements of Income

<i>Millions of yen</i>				
<i>Six months ended</i>				
<b>September 30</b>				
	2004	2003	Variance	Ratio
<b>Revenues:</b>				
Revenues from trading and other activities	¥ 1,459,747	¥ 1,285,487	¥ 174,260	13.6 %
Commissions on services and trading margins	76,011	72,437	3,574	4.9 %
Total	1,535,758	1,357,924	177,834	13.1 %
Cost of revenues from trading and other activities	- 1,324,399	- 1,159,374	- 165,025	14.2 %
Gross trading profit	211,359	198,550	12,809	6.5 %
<b>Expenses and other:</b>				
Selling, general and administrative expenses	- 167,909	- 161,041	- 6,868	4.3 %
Loss from transfer of the substitutional portion of Japanese Welfare Pension Fund	- 1,453	-	- 1,453	-
Provision for doubtful accounts	- 2,471	1,450	- 3,921	-
Interest income	9,187	11,003	- 1,816	- 16.5 %
Interest expense	- 21,751	- 21,843	92	- 0.4 %
Dividends received	4,917	4,379	538	12.3 %
Impairment loss on investment securities	- 2,645	- 7,908	5,263	- 66.6 %
Gain (loss) on sales of investment securities	11,465	9,725	1,740	17.9 %
Gain (loss) on property and equipment	- 2,667	- 530	- 2,137	403.2 %
Other – net	- 6,529	- 4,326	- 2,203	50.9 %
Total	- 179,856	- 169,091	- 10,765	6.4 %
Income (loss) before income taxes and equity in earnings (losses) of affiliated companies	31,503	29,459	2,044	6.9 %
Provision for income taxes	- 18,293	- 15,564	- 2,729	17.5 %
Income (loss) before equity in earnings (losses) of affiliated companies	13,210	13,895	- 685	- 4.9 %
Minority interests in consolidated subsidiaries	- 1,538	- 1,082	- 456	42.1 %
Equity in earnings (losses) of affiliated companies-net (after income tax effects)	12,487	6,890	5,597	81.2 %
Net income (loss)	¥ 24,159	¥ 19,703	¥ 4,456	22.6 %
Basic earnings per share (yen)	¥ 16.18	¥ 13.19	¥ 2.99	22.7 %
Diluted earnings per share (yen)	13.06	12.32	0.74	6.0 %
Total volume of trading transactions (Based on Japanese accounting practice)	¥ 3,742,718	¥ 3,825,357	¥ - 82,639	- 2.2 %
Operating profit (Based on Japanese accounting practice)	39,526	38,959	567	1.5 %

(Note 1) These financial statements are based on US GAAP. (Revenue is presented in accordance with FASB Emerging Issue Task Force (EITF) 99-19.)

(Note 2) From this term, items in the financial statements are presented in accordance with US accounting customs and practice. Minority interests in consolidated subsidiaries, which was contained in Other-net, has been independently presented below Equity in earnings of affiliated companies-net (after income tax effects) since FY2003. Certain reclassifications have been made in the financial statements for the 1<sup>st</sup> Half FY2003 in order to conform to the presentation for the 1<sup>st</sup> Half FY2004 financial statements.

(Note 3) Loss from transfer of the substitutional portion of Japanese Welfare Pension Fund is the net amount of the settlement loss on the transfer of the benefit obligation related to the substitutional portion of 14,858 million yen (including the extinguishment of the obligation for anticipated future salary increases of 1,064 million yen), and the subsidy of 13,405 million yen, which is a difference between the obligation settled and the assets transferred to the government.

Marubeni Corporation  
Consolidated Balance Sheets

	<i>Millions of yen</i>		
	<b>September 30 2004</b>	<b>March 31 2004</b>	<b>Variance</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents, and time deposits	¥ 298,238	¥ 485,484	-187,246
Investment securities	8,165	9,445	- 1,280
Notes and accounts receivable - trade:			
Notes receivable	101,627	98,227	3,400
Accounts receivable	786,003	764,545	21,458
Due from affiliated companies	86,940	106,391	- 19,451
Allowance for doubtful accounts	- 30,057	- 26,949	- 3,108
Inventories	396,918	398,617	- 1,699
Advance payments to suppliers	78,772	85,490	- 6,718
Deferred income taxes	38,169	32,862	5,307
Prepaid expenses and other current assets	151,129	125,852	25,277
Total current assets	1,915,904	2,079,964	- 164,060
Investments and long-term receivables:			
Affiliated companies	352,373	337,451	14,922
Securities and other investments	487,778	485,865	1,913
Notes, loans and accounts receivable - trade	311,987	300,049	11,938
Allowance for doubtful accounts	- 93,560	- 93,865	305
Property leased to others, at cost, less accumulated depreciation	257,761	256,370	1,391
Total investments and long-term receivables	1,316,339	1,285,870	30,469
Net property and equipment	490,399	499,514	- 9,115
Prepaid pension cost	86,801	105,797	- 18,996
Deferred income taxes	101,284	118,274	- 16,990
Intangible fixed assets	37,567	35,477	2,090
Goodwill	27,935	28,793	- 858
Other assets	96,803	100,505	- 3,702
Total assets	¥4,073,032	¥4,254,194	¥ - 181,162

\*These financial statements are based on US GAAP.

## Consolidated Balance Sheets (continued)

	<i>Millions of yen</i>		
	September 30 2004	March 31 2004	Variance
<b>Liabilities and shareholders' equity</b>			
Current liabilities:			
Short-term loans	¥ 403,902	¥ 474,735	¥ - 70,833
Current portion of long-term debt	223,526	328,816	- 105,290
Notes and accounts payable-trade			
Notes and acceptances payable	187,622	204,574	- 16,952
Accounts payable	650,299	629,279	21,020
Due to affiliated companies	48,851	44,228	4,623
Advance payments received from customers	75,003	76,684	- 1,681
Income taxes	12,872	13,262	- 390
Deferred income taxes	4,021	2,535	1,486
Accrued expenses and other current liabilities	175,277	190,705	- 15,428
Total current liabilities	1,781,373	1,964,818	- 183,445
Long-term debt, less current portion	1,817,435	1,822,473	- 5,038
Employees' retirement benefits	8,729	8,786	- 57
Deferred income taxes	17,785	23,536	- 5,751
Minority interests in consolidated subsidiaries	40,301	41,599	- 1,298
Shareholders' equity:			
Paid-in capital	231,789	231,789	-
Additional paid-in capital	125,433	125,430	3
Retained earnings (losses)	114,107	94,870	19,237
Accumulated other comprehensive loss	- 63,820	- 59,025	- 4,795
Cost of common stock in treasury	- 100	- 82	- 18
Total shareholders' equity	407,409	392,982	14,427
Total liabilities and shareholders' equity	4,073,032	4,254,194	¥ - 181,162

*(millions of yen)*

<b>*Cash and cash equivalents:</b>	¥ 292,153	¥ 478,731	¥ - 186,578
<b>*Accumulated other comprehensive loss:</b>			
Net unrealized gains (losses) on investment securities, net of reclassification	¥ 27,550	¥ 34,927	¥ - 7,377
Currency translation adjustments, net of reclassification	- 85,860	- 87,927	2,067
Minimum pension liability adjustment	- 612	- 612	-
Net unrealized losses on derivatives	- 4,898	- 5,413	515

\* As a result of the adoption of EITF04-2, mining rights excluding petroleum and gas, have been reclassified from Intangible fixed assets to Net property and equipment from this term. Accordingly, the figures for March 31, 2004 have been rearranged. The effects are 14,864 million yen and 14,529 million yen for September 30 and March 31, 2004, respectively.

Marubeni Corporation

Consolidated Statements of Changes in Shareholders' Equity

	<i>Millions of yen</i>					
	<b>September 30</b>		<b>March 31</b>		<b>Variance</b>	
	<b>2004</b>		<b>2004</b>			
<b>Common stock:</b>						
Balance at beginning of year	<b>231,789</b>		194,039		194,039	
Issuance of preferred shares	<u>-</u>		<u>37,750</u>		<u>-</u>	
Balance at end of year	<u><b>231,789</b></u>		<u>231,789</u>		<u>194,039</u>	
<b>Capital surplus:</b>						
Balance at beginning of year	<b>125,430</b>		87,765		87,765	
Issuance of preferred shares	-		37,665		-	
Gains from disposition of treasury stock	<u>3</u>		<u>-</u>		<u>-</u>	
Balance at end of year	<u><b>125,433</b></u>		<u>125,430</u>		<u>87,765</u>	
<b>Retained earnings (losses):</b>						
Balance at beginning of year	<b>94,870</b>		64,786		64,786	
Net income (loss)	<b>24,159</b>	<b>24,159</b>	34,565	34,565	19,703	19,703
Cash dividend	<b>- 4,922</b>		- 4,481		- 4,481	
Balance at end of year	<u><b>114,107</b></u>		<u>94,870</u>		<u>80,008</u>	
<b>Accumulated other comprehensive loss:</b>						
Balance at beginning of year	<b>- 59,025</b>		- 86,441		- 86,441	
Unrealized (losses) gains on investment securities		<b>- 7,377</b>		43,290		22,484
Currency translation adjustments		<b>2,067</b>		- 15,247		5,497
Minimum pension liability adjustment		-		- 30		-
Net unrealized losses on derivatives		<u><b>515</b></u>		<u>- 597</u>		<u>930</u>
Other comprehensive income (loss), net of tax	<b>- 4,795</b>	<b>- 4,795</b>	27,416	27,416	28,911	28,911
Comprehensive income (loss)		<u><b>19,364</b></u>		<u>61,981</u>		<u>48,614</u>
Balance at end of year	<u><b>- 63,820</b></u>		<u>- 59,025</u>		<u>- 57,530</u>	
<b>Cost of common stock in treasury:</b>						
Balance at beginning of year	<b>- 82</b>		- 98		- 98	
Treasury stock sold (repurchased)	<u><b>- 18</b></u>		<u>16</u>		<u>- 7</u>	
Balance at end of year	<u><b>- 100</b></u>		<u>- 82</u>		<u>- 105</u>	

\*These financial statements are based on US GAAP.

# Consolidated Statements of Cash Flows

	<i>Millions of yen</i>		
	<i>Six Months ended</i> <b>2004</b>	<b>Sept. 30</b> <b>2003</b>	<b>Variance</b>
<b>Operating activities</b>			
Net income (loss)	¥ 24,159	¥ 19,703	¥ 4,456
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	31,674	25,262	6,412
Provision for doubtful accounts	2,471	-1,450	3,921
Equity in (earnings) losses of affiliated companies- net	- 9,624	- 3,731	- 5,893
(Gain) loss on investment securities	- 8,820	- 1,817	- 7,003
(Gain) loss on property and equipment	2,667	530	2,137
Deferred income taxes	5,256	10,221	- 4,965
Changes in operating assets and liabilities:			
Notes and accounts receivable	- 4,861	40,733	- 45,594
Inventories	778	7,369	- 6,591
Advance payments to suppliers and prepaid expenses and other current assets	- 9,143	30,698	- 39,841
Prepaid pension cost	18,996	791	18,205
Notes, acceptances and accounts payable	7,903	- 54,518	62,421
Advance payments received from customers and accrued and other current liabilities	- 19,637	- 6,125	- 13,512
Income taxes	- 400	- 4,817	4,417
Other	-6,590	9,525	- 16,115
Net cash provided by operating activities	<u>34,829</u>	<u>72,374</u>	<u>- 37,545</u>
<b>Investing activities</b>			
Proceeds from sales and redemptions of securities and other investments	31,234	31,268	-34
Purchases of securities and other investments	- 37,853	- 26,668	- 11,185
Proceeds from sales of property and equipment and property leased to others	8,344	4,195	4,149
Purchases of property and equipment and property leased to others	- 26,375	- 23,492	- 2,883
Collection of loans receivable	33,703	47,495	- 13,792
Loans made to customers	- 21,186	- 16,226	- 4,960
Other	12,060	- 6,017	18,077
Net cash provided (used) by investing activities	<u>- 73</u>	<u>10,555</u>	<u>- 10,628</u>
Free Cash Flows	34,756	82,929	- 48,173
<b>Financing activities</b>			
Net decrease (increase) in short-term loans	- 80,330	12,058	- 92,388
Proceeds from long-term debt	135,769	244,609	- 108,840
Payments of long-term debt	- 271,825	- 281,845	10,020
Cash dividend	- 4,922	- 4,481	- 441
(Purchase) sale of treasury stock	- 15	-7	- 8
Other	- 1,293	- 449	- 844
Net cash used (provided) in financing activities	<u>- 222,616</u>	<u>- 30,115</u>	<u>- 192,501</u>
Effect of exchange rate changes on cash and cash equivalents	1,282	957	325
Net increase (decrease) in cash and cash equivalents	<u>- 186,578</u>	<u>53,771</u>	<u>- 240,349</u>
Cash and cash equivalents at beginning of period	478,731	466,511	12,220
Cash and cash equivalents at end of period	<u>292,153</u>	<u>520,282</u>	<u>- 228,129</u>

\*These financial statements are based on US GAAP.

**Basis of Consolidated Financial Statements**

## 1. Subsidiaries and affiliated companies accounted for by equity method

## (1) Number of subsidiaries and affiliated companies

	September 30, 2004	March 31, 2004	Variance
Subsidiaries	360	348	12
Affiliated companies	163	154	9
Total	523	502	21

## (2) Major Group Firms

## Subsidiaries

Overseas 233	Marubeni America Corporation Marubeni Europe p.l.c. Sithe Asia Holdings Limited Marubeni International Finance p.l.c. Cia. Iguazu de Café Solúvel
Domestic 127	Marubeni Real Estate Co., Ltd. Marubeni Pulp & Paper Sales Co., Ltd. Marubeni Telecom Co., Ltd. Marubeni Energy Corporation Marubeni Nisshin Feed Co., Ltd.

## Affiliated companies

Overseas 112	Shanghai Asahi Electronic Glass Co., Ltd. Uni-Mar Energi Yatirimlari A.S. Daishowa-Marubeni International Ltd.
Domestic 51	Marubeni-Itochu Steel Inc. The Maruetsu, Inc. Sofmap Co., Ltd. Marubeni Construction Material Lease Co., Ltd Marubeni Infotec Corporation

## (3) Changes

## Subsidiaries

Newly included 20	Fuel Cell Japan, Co., Ltd. Sithe Energies Australia Pty. Ltd. Marubeni Chemicals (Shanghai) Co., Ltd. Others--- 17 companies
Excluded	8 companies

## Affiliated companies

Newly included 13	Tratamiento de Agua de Puebla S.A.de C.V. MGC Advanced Polymers, INC. Others--- 11 companies
Excluded	4 companies

## Notes to Consolidated Financial Statements (continued)

## Interim Earnings/Loss per Share of Common Stock

The following table sets forth the computation of basic and diluted earnings/loss per share:

	<i>Millions of yen</i>			
	1 <sup>st</sup> Half (April 1 – September 30) of FY2004		FY2003	
<b>Numerator:</b>				
Net income (loss)	¥	24,159	¥	19,703
Net income available for common shareholders – Numerator for basic earnings (loss) per share		24,159		19,703
Effect of dilutive securities:				
Convertible debentures		162		162
Numerator for diluted earnings (loss) per share	¥	24,321	¥	19,865
<b>Denominator:</b>				
	<i>Number of shares</i>			
Denominator for basic earnings (loss) per share		1,493,239,443		1,493,255,846
Effect of dilutive securities:				
Convertible debentures		119,666,048		119,666,048
Preferred shares		250,000,000		-
Denominator for diluted earnings per share		1,862,905,491		1,612,921,894
	<i>Yen</i>			
Basic earnings per share	¥	16.18	¥	13.19
Diluted earnings per share	¥	13.06	¥	12.32

The convertible debenture #8 issued in November 1996 has dilution effect for the 1<sup>st</sup> half of FY2003 and 1<sup>st</sup> half of FY2004, and Class I Preferred Stock issued in December, 2003 has dilution effect for the 1<sup>st</sup> half of FY2004.



# Marubeni Corporation

## Notes to Consolidated Financial Statements (continued)

### Segment Information

#### 1. Operating Segments

The Company's operating segments by which management evaluates performance and allocates resources are classified in terms of the nature of the products and services or areas. The segments, by products and services, are managed by the divisions of the Head Office. Domestic branches and offices, and overseas corporate subsidiaries and branches operate in the respective areas and are independent operating units. Each reportable segment purchases, distributes and markets a wide variety of industrial and consumer goods including raw materials and equipment relating to a multitude of industries and, in addition, provides the related financing, insurance and other services to these operations primarily on a worldwide basis. The Company breaks its operating segments into 12 segments identified by product and service, in addition to its domestic branches and offices, and overseas corporate subsidiaries and branches.

Marubeni Corporation

Notes to Consolidated Financial Statements (continued)

Segment Information (continued)

The Company's operating segment information for the 1<sup>st</sup> Half FY2004 and 1<sup>st</sup> Half FY2003, were as follows:

	Millions of yen					
	Agri-marine products	Textile	Forest products and general merchandise	Chemicals	Energy	Metals and mineral resources
						Transportation and industrial machinery
						Utility and infrastructure
<b>1<sup>st</sup> Half FY2004</b>						
<b>(April 1, 2004 - September 30, 2004)</b>						
Total volume of trading transactions:						
Outside customers	¥ 479,762	¥ 172,924	¥ 375,513	¥ 305,093	¥ 812,861	¥ 348,668
Inter-segment	3,782	1,402	19,066	12,459	534	19,986
Total	¥ 483,544	¥ 174,326	¥ 394,579	¥ 317,552	¥ 813,395	¥ 368,654
Gross trading profit	¥ 36,282	¥ 12,265	¥ 22,499	¥ 14,508	¥ 19,879	¥ 27,916
Operating profit (loss)	¥ 5,207	¥ 2,347	¥ 6,583	¥ 3,747	¥ 10,479	¥ 3,987
Segment net income (loss)	¥ 1,371	¥ 990	¥ 4,192	¥ 3,452	¥ 7,213	¥ -1,085
Segment asset (September 30, 2004)	¥ 394,813	¥ 129,698	¥ 324,253	¥ 171,294	¥ 299,734	¥ 302,134
						¥ 414,356

	Millions of yen					
	Plant and ship	Development and construction	Finance and logistics business	Telecom & Information	Domestic branches and offices	Overseas corporate subsidiaries and branches
						Corporate and elimination
						Consolidated
Total volume of trading transactions:						
Outside customers	¥ 201,649	¥ 58,199	¥ 8,836	¥ 83,072	¥ 60,088	¥ 1,157
Inter-segment	609	189	1,720	1,509	7,648	-242,125
Total	¥ 202,258	¥ 58,388	¥ 10,556	¥ 84,581	¥ 67,736	¥ -240,968
Gross trading profit	¥ 5,933	¥ 10,820	¥ 3,007	¥ 11,574	¥ 1,990	¥ -11,455
Operating profit (loss)	¥ -704	¥ 2,487	¥ -334	¥ -2,243	¥ 314	¥ -6,604
Segment net income (loss)	¥ 706	¥ -2,738	¥ 1,597	¥ -2,992	¥ -295	¥ -1,558
Segment asset (September 30, 2004)	¥ 378,995	¥ 332,649	¥ 126,577	¥ 143,165	¥ 58,406	¥ 363,973
						¥ 4,073,032

Marubeni Corporation

Notes to Consolidated Financial Statements (continued)

Segment Information (continued)

1<sup>st</sup> Half FY2003  
(April 1, 2003 - September 30, 2003)

	Millions of yen							
	Agri-marine products	Textile	Forest products and general merchandise	Chemicals	Energy	Metals and mineral resources	Transportation and industrial machinery	Utility and infrastructure
Total volume of trading transactions:								
Outside customers	¥ 375,576	¥ 170,168	¥ 361,722	¥ 266,938	¥ 1,008,577	¥ 232,315	¥ 333,411	¥ 134,441
Inter-segment	5,645	1,882	19,870	11,781	330	10,674	10,543	15
Total	¥ 381,221	¥ 172,050	¥ 381,592	¥ 278,719	¥ 1,008,907	¥ 242,989	¥ 343,954	¥ 134,456
Gross trading profit	¥ 25,860	¥ 11,917	¥ 19,121	¥ 13,746	¥ 15,584	¥ 6,084	¥ 29,082	¥ 6,431
Operating profit (loss)	¥ 4,141	¥ 2,414	¥ 3,639	¥ 3,500	¥ 6,040	¥ 2,112	¥ 3,775	¥ -852
Segment net income (loss)	¥ 3,570	¥ 1,197	¥ 3,088	¥ 3,070	¥ 4,605	¥ 2,302	¥ 1,340	¥ 3,168
Segment asset (March 31, 2004)	¥ 417,735	¥ 127,045	¥ 315,720	¥ 147,118	¥ 319,584	¥ 180,257	¥ 306,718	¥ 409,193

*Millions of yen*

	<i>Millions of yen</i>					Overseas	Consolidated
	Plant and ship	Development and construction	Finance and logistics business	Telecom & Information	Domestic branches and offices	corporate subsidiaries and branches	
Total volume of trading transactions:							
Outside customers	¥ 282,992	¥ 67,484	¥ 8,273	¥ 79,564	¥ 68,801	¥ 433,379	¥ 1,716
Inter-segment	836	175	1,000	1,681	6,547	142,508	-213,487
Total	¥ 283,828	¥ 67,659	¥ 9,273	¥ 81,245	¥ 75,348	¥ 575,887	¥ -211,771
Gross trading profit	¥ 5,291	¥ 10,960	¥ 2,478	¥ 10,703	¥ 2,106	¥ 41,141	¥ -1,954
Operating profit (loss)	¥ 1,630	¥ 1,655	¥ -687	¥ -3,287	¥ 125	¥ 8,837	¥ 5,917
Segment net income (loss)	¥ -3,045	¥ -2,128	¥ 1,339	¥ -4,668	¥ 166	¥ 5,920	¥ -221
Segment asset (March 31, 2004)	¥ 343,070	¥ 330,506	¥ 144,432	¥ 144,195	¥ 60,625	¥ 439,013	¥ 568,983

(Note 1) *Corporate and elimination* includes differences in accounting principles generally accepted in Japan and those in the United States of America.

For Japanese investors' convenience, Total volume of trading transactions and Operating profit are shown according to Japanese accounting practices.

(Note 2) Inter-segment transactions are generally priced in accordance with the prevailing market prices.

(Note 3) **Total volume of trading transactions, gross trading profit** and operating conditions for each operating segment were as follows.

**Agri-marine Products** transactions rose 26.8%, or 102.3 billion yen over the same period of the previous year, mainly in the area of feed grain and distribution. Owing to this increase, gross trading profit rose 40.3% year-on-year, or 10.4 billion yen.

**Textile** transactions rose 1.3%, or 2.3 billion yen, primarily from increases in offshore transactions of raw materials and domestic transactions of finished goods. Owing to these increases, gross trading profit rose 2.9%, or 0.3 billion yen.

**Forest Products and General Merchandise** transactions rose 3.4%, or 13.0 billion yen, due to an increase in trading of plywood and wood chips. In addition to these increases, along with increased profits for paper related companies and improvements in woodchip profitability, gross trading profit rose by 17.7 %, or 3.4 billion yen.

**Chemicals** transactions rose 13.9%, or 38.8 billion yen, following increased transactions in basic chemicals. Owing to this, as well as an increase in profits from agricultural chemical related business, gross trading profit rose 5.5%, or 0.8 billion yen.

**Energy** transactions declined 19.4%, or 195.5 billion yen, following a decline in petroleum transactions. However, due to an increase in profits from petroleum transactions and interests, gross trading profit rose 27.6%, or 4.3 billion yen.

**Metals and Mineral Resources** transactions rose by 23.8% or 57.7 billion yen due to rising prices in the coal and non-ferrous light metals market. Due to this increase, gross trading profit rose 20.9% or 1.3 billion yen.

**Transportation and Industrial Machinery** transactions rose 7.2%, or 24.7 billion yen, due to an increase in aircraft-related transactions. Gross trading profit fell 4.0%, or 1.2 billion yen, as a result of a decline in automotive and construction machinery field.

**Utility and Infrastructure** transactions decreased 5.0%, or 6.7 billion yen, due to decreases resulting from the completion of water pipe projects for the Middle East and electric power generation projects for Southeast Asia. Due to higher profits in such areas as electric power generating operations and Taiwan express railways, gross trading profit rose by 56.8%, or 3.7 billion yen.

**Plant & Ship** transactions fell 28.7%, or 81.6 billion yen, following a decline in business involving energy and chemical plants and ships. Although this decline led to lower profits, gross trading profit increased 12.1%, or 0.6 billion yen, attributable to newly included subsidiaries in the ship-related business.

**Development and Construction** transactions dropped 13.7%, or 9.3 billion yen due to business transfers of domestic construction operations and a drop in domestic transactions. Owing to these decreases, although there was an increase in income resulting from overseas housing enterprise projects, gross trading profit declined by 1.3 %, or 0.1 billion yen.

***Finance and Logistics Business*** transactions rose 13.8%, or 1.3 billion yen, due to increase in funds and logistics. As a result of this increase, gross trading profit rose 21.3%, or 0.5 billion yen.

***Telecom & Information*** transactions rose 4.1% or 3.3 billion yen due to an increase in information related business. As a result of an increase in content sales and communication operating business, gross trading profit rose 8.1%, or 0.9 billion yen.

***Domestic Branches and Offices*** transactions sank 10.1%, or 7.6 billion yen, due to a decline in machinery-related transactions. As a result, gross trading profit fell 5.5%, or 0.1 billion yen.

***Overseas Corporate Subsidiaries and Branches*** transactions rose 0.7%, or 3.7 billion yen, owing primarily to increase in food product, automotive, construction machinery, and agricultural chemical operations in the U.S. However, mainly due to the effects of fluctuations in exchange rates, gross trading profit decreased by 5.9%, or 2.4 billion yen.

## Notes to Consolidated Financial Statements (continued)

## Segment Information (continued)

## 2. Geographical Segments

The Company's geographical segment information for the 1<sup>st</sup> Half FY2004 and 1<sup>st</sup> Half FY2003, were as follows:

Millions of yen							
1 <sup>st</sup> Half FY2004							
(April 1, 2004 – September 30, 2004)	Japan	North America	Europe	Asia/Oceania	Other	Eliminations	Consolidated
Total volume of trading transactions:							
Outside customers	¥ 2,489,957	¥ 438,747	¥ 172,953	¥ 246,165	¥ 394,896	¥ -	¥ 3,742,718
Inter-segment	770,501	117,821	15,297	85,635	44,815	-1,034,069	-
Total	¥ 3,260,458	¥ 556,568	¥ 188,250	¥ 331,800	¥ 439,711	¥ -1,034,069	¥ 3,742,718
Segment operating profit (loss)	¥ 13,040	¥ 7,540	¥ 4,599	¥ 10,096	¥ 4,629	¥ -378	¥ 39,526
Segment assets (September 30, 2004)	¥ 2,004,563	¥ 336,925	¥ 156,578	¥ 313,588	¥ 126,008	¥ -161,010	¥ 2,776,652
Other assets							¥ 1,296,380
Total assets							¥ 4,073,032

Millions of yen							
1 <sup>st</sup> Half FY2003							
(April 1, 2003 – September 30, 2003)	Japan	North America	Europe	Asia/Occania	Other	Eliminations	Consolidated
Total volume of trading transactions:							
Outside customers	¥ 2,408,013	¥ 669,885	¥ 192,005	¥ 184,462	¥ 370,992	¥ -	¥ 3,825,357
Inter-segment	903,651	106,996	12,846	74,779	42,110	-1,140,382	-
Total	¥ 3,311,664	¥ 776,881	¥ 204,851	¥ 259,241	¥ 413,102	¥ -1,140,382	¥ 3,825,357
Segment operating profit (loss)	¥ 21,239	¥ 5,975	¥ 4,577	¥ 4,975	¥ 2,271	¥ -78	¥ 38,959
Segment assets (March 31, 2004)	¥ 2,032,295	¥ 327,287	¥ 157,501	¥ 314,717	¥ 107,492	¥ -144,943	¥ 2,794,349
Other assets							¥ 1,459,845
Total assets							¥ 4,254,194

(Note 1) Countries and regions are categorized by geographical classification.

(Note 2) Major countries or areas that belong to each category:

1. North America ----- USA, Canada
2. Europe ----- UK, Belgium
3. Asia/Oceania ----- Singapore, China
4. Others ----- Central and South America, Africa

(Note 3) Other assets which are not included in the segments are mainly cash and deposits, marketable securities, and investment securities.

Inter-segment transactions are generally priced in accordance with the prevailing market prices.

(Note 4) For Japanese investors' convenience, Total volume of trading transactions and Segment operating profit (loss) are shown according to accounting principles generally accepted in Japan.

# Marubeni Corporation

## Notes to Consolidated Financial Statements (continued)

### Segment Information (continued)

#### 3. Volume of Overseas Trading Transactions

The volumes of overseas trading transactions for 1<sup>st</sup> Half FY2004 and 1<sup>st</sup> Half FY2003, were as follows:

<b>1<sup>st</sup> Half FY2004</b> (April 1, 2004 - September 30, 2004)	<i>Millions of yen</i>		<i>Ratio of overseas transactions(%)</i>
	<b>Total volume of overseas transactions</b>	<b>Total volume of consolidated transactions</b>	
North America	¥391,421		10.5
Europe	272,310		7.3
Asia/Oceania	771,515		20.6
Others	249,120		6.6
<b>Total</b>	<b>¥1,684,366</b>	<b>¥3,742,718</b>	<b>45.0</b>

<b>1<sup>st</sup> Half FY2003</b> (April 1, 2003 - September 30, 2003)	<i>Millions of yen</i>		<i>Ratio of overseas transactions(%)</i>
	<b>Total volume of overseas transactions</b>	<b>Total volume of consolidated transactions</b>	
North America	¥683,558		17.9
Europe	252,641		6.6
Asia/Oceania	705,771		18.5
Others	342,019		8.9
<b>Total</b>	<b>¥1,983,989</b>	<b>¥3,825,357</b>	<b>51.9</b>

(Note 1) Countries and regions are categorized by geographical classification.

(Note 2) Major countries or areas that belong to each category:

1. North America ----- USA, Canada
2. Europe ----- UK, Belgium
3. Asia/Oceania ----- China, Singapore
4. Others ----- Africa, Middle East

(Note 3) For Japanese investors' convenience, Total volume of trading transactions is shown according to accounting principles generally accepted in Japan.

(Note 4) Overseas transactions sum up to the export transactions of the parent and the subsidiaries in Japan, the offshore transactions, and the transactions of the overseas subsidiaries, excluding transactions to Japan.

# Marubeni Corporation

## Notes to Consolidated Financial Statements

### Marketable Securities and Debt Securities

#### Available-for-sale securities

(millions of yen)

	September 30, 2004				March 31, 2004			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Current:								
Debt securities	728	-	-	728	5,509	80	-104	5,485
Total	728	-	-	728	5,509	80	-104	5,485
Non-current:								
Debt securities	19,139	468	-71	19,536	7,309	325	-	7,634
Marketable equity securities	130,963	55,448	-11,888	174,523	121,454	62,829	-5,993	178,290
Total	150,102	55,916	-11,959	194,059	128,763	63,154	-5,993	185,924

(Note 1) The fair value of available-for-sale securities reflected in the balance sheets are based on quoted market price. The unrealized gains and losses, net of taxes are added to Accumulated other comprehensive income (loss) in shareholders' equity.

(Note 2) Items of Debt securities are mainly corporate bonds.

#### Held-to-maturity securities

(millions of yen)

	September 30, 2004				March 31, 2004			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Current:								
Debt securities	3,574	22	-	3,596	573	10	-	583
Total	3,574	22	-	3,596	573	10	-	583
Non-current:								
Debt securities	39,257	1,216	-	40,473	42,784	1,488	-150	44,122
Total	39,257	1,216	-	40,473	42,784	1,488	-150	44,122

(Note 1) The held-to-maturity securities are stated in the balance sheets at amortized cost, adjusted by method of depreciation.

(Note 2) Items of Debt securities are mainly corporate bonds.

In addition to the above stated securities, 3,863 million yen and 3,387 million yen of marketable securities for sale are held at September 30, 2004 and at March 31, 2004, respectively.

The net unrealized gain/loss of 85 million yen (gain) for 1st Half FY2004 and 0 million yen (loss) for FY2003 have been included in the income statements.



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**Marubeni**  
CORPORATION

## ***Interim Financial Results for FY2004***

**(April 1, 2004 ~ September 30, 2004)**

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November 5, 2004

**Marubeni Corporation**

(TSE Code: 8002)

*\*This document is an English translation of statements written initially in Japanese.*

*The original in Japanese should be considered the primary version.*

# Outline of Financial Results for 1st Half FY2004

November 5, 2004

**Marubeni Corporation**  
(TSE Code: 8002)

*\* This document is an English translation of a statement written initially in Japanese.  
The original in Japanese should be considered the primary version.*

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# Agenda

1. Financial Highlights
2. Consolidated Financial Results for 1st Half FY2004
3. Balance Sheets
4. Gross Trading Profit and SGA Expenses
5. Core Earnings
6. Gross Trading Profit and Net Profit by Operating Segment
7. Core Earnings and Total Assets by Operating Segment
8. Cash Flows
9. Shareholders' Equity
10. Interest Coverage Ratio
11. Number and Consolidated Profits & Losses of Group Firms
12. Major Profit-making & Loss-making Firms
13. Non-consolidated Financial Results for 1st Half FY2004

## DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS

THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS ABOUT THE PERFORMANCE OF MARUBENI AND ITS GROUP COMPANIES, BASED ON MANAGEMENT'S ASSUMPTIONS IN LIGHT OF CURRENT INFORMATION. THE FOLLOWING FACTORS MAY THEREFORE INFLUENCE ACTUAL RESULTS. THESE FACTORS INCLUDE CONSUMER TRENDS IN JAPAN AND IN MAJOR GLOBAL MARKETS, PRIVATE CAPITAL EXPENDITURES, CURRENCY FLUCTUATIONS, NOTABLY AGAINST THE U.S. DOLLAR, MATERIALS PRICES, AND POLITICAL TURMOIL IN CERTAIN COUNTRIES AND REGIONS.

**Marubeni**  
CORPORATION

\* excluding restructuring costs

## 2. Consolidated Financial Results for 1st Half FY2004

(billions of yen)	1st Half		1st Half	
	FY03	FY04	FY03	FY04
	Results	Yearly Pros.	Results	Yearly Pros.
				(Variance)
Gross trading profit *	198.6	211.4	409.5	435.0
SGA expenses *	-161.0	-167.9	-330.0	-342.0
Adjusted operating profit	37.5	43.5	79.4	93.0
Dividends received	4.4	4.9	7.2	6.0
Equity in earnings *	8.2	12.5	15.6	16.0
<b>Core earnings</b>	<b>50.1</b>	<b>60.9</b>	<b>102.2</b>	<b>115.0</b>
Interest expense-net	-10.8	-12.6	-23.5	-28.0
<b>Total</b>	<b>39.2</b>	<b>48.3</b>	<b>78.7</b>	<b>87.0</b>
<b>Net income</b>	<b>19.7</b>	<b>24.2</b>	<b>34.6</b>	<b>37.0</b>
*excluding restructuring costs				
<b>Total assets</b>	4,263.5	4,073.0	4,254.2	4,100.0
<b>Net interest-bearing debt</b>	2,168.0	1,978.0	1,969.3	2,000.0
<b>Shareholders' equity</b>	304.2	407.4	393.0	425.0
<b>Net D/E ratio</b>	7.13 times	4.86 times	5.01 times	4.71 times
				(-0.30 points)

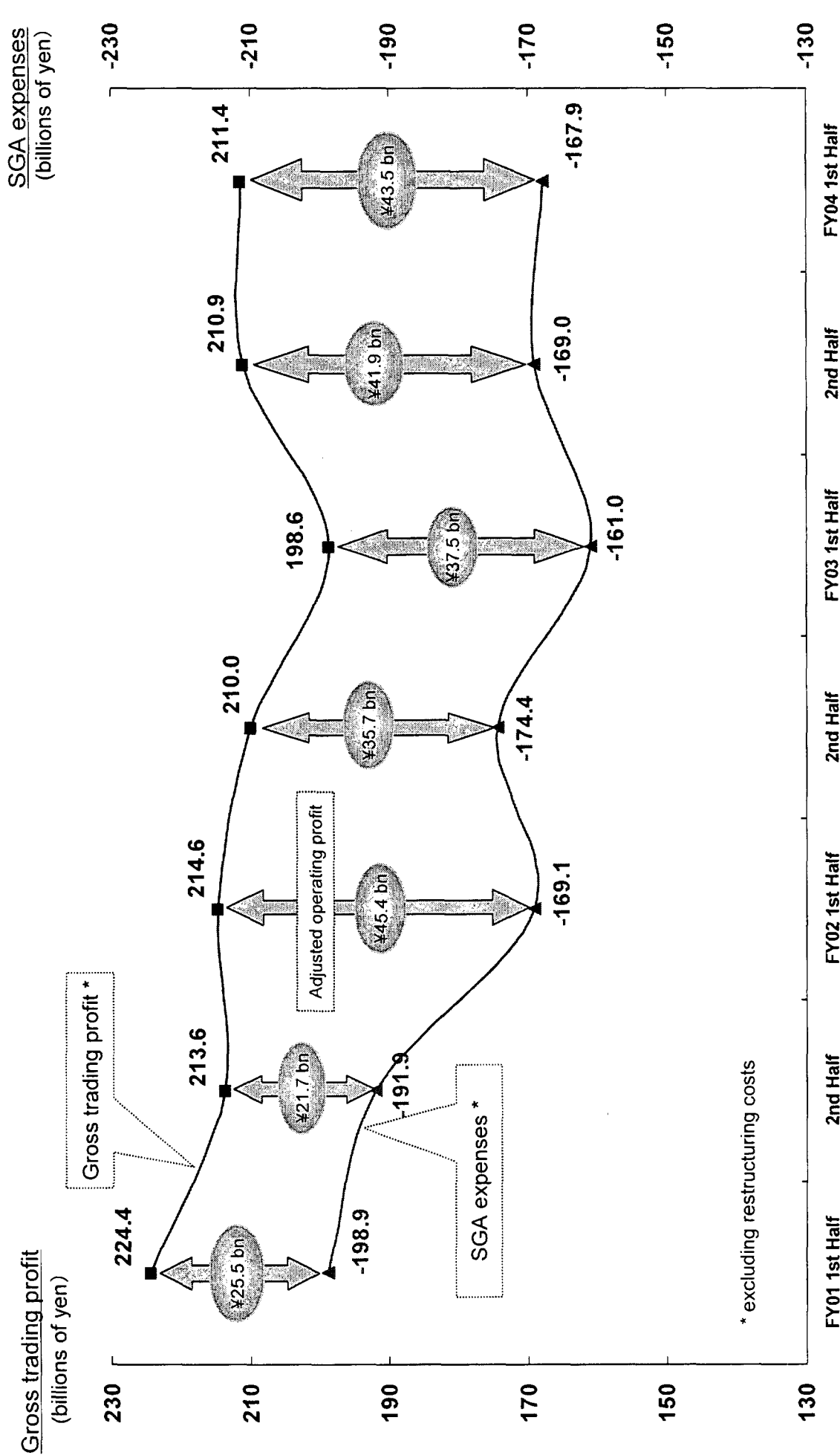
Mar. 2004	Pros. For Mar. 2005	(Variance)
4,254.2	4,100.0	(-154.2)
1,969.3	2,000.0	(+30.7)
393.0	425.0	(+32.0)
5.01 times	4.71 times	(-0.30 points)

Sep. 2003	Sep. 2004	(Variance)
4,263.5	4,073.0	(-190.5)
2,168.0	1,978.0	(-190.0)
304.2	407.4	(+103.2)
7.13 times	4.86 times	(-2.27points)

### 3. Balance Sheets

(billions of yen)	Mar. 01	Mar. 02	Mar. 03	Mar. 04	Sep. 04	(Change from Mar. 04)	Pros. For Mar. 05
Current assets	2,772.8	2,487.6	2,202.1	2,080.0	1,915.9	(-164.1)	
Investment/Fixed assets	2,547.8	2,318.1	2,119.4	2,174.2	2,157.1	(-17.1)	
Total assets	5,320.6	4,805.7	4,321.5	4,254.2	4,073.0	(-181.2)	4,100.0
Short-term loans (*)	1,311.5	1,247.3	963.3	803.6	627.4	(-176.1)	
Long-term interest-bearing debt	2,116.9	1,937.6	1,781.6	1,651.3	1,648.9	(-2.4)	
Interest-bearing debt	3,428.4	3,184.9	2,745.0	2,454.8	2,276.3	(-178.5)	
(*) including current portion of long-term debt							
Net interest-bearing debt	3,089.8	2,712.9	2,264.1	1,969.3	1,978.0	(+8.7)	2,000.0
Shareholders' equity	342.3	263.9	260.1	393.0	407.4	(+14.4)	425.0
Net D/E ratio (times)	9.03 times	10.28 times	8.70 times	5.01 times	4.86 times		4.71 times
Equity ratio (%)	6.43%	5.49%	6.02%	9.24%	10.00%	(+0.76%point)	10.37%
Current ratio (%)	101.80%	101.90%	104.60%	105.90%	107.60%	(+1.70%point)	-

## 4. Gross Trading Profit and SGA Expenses



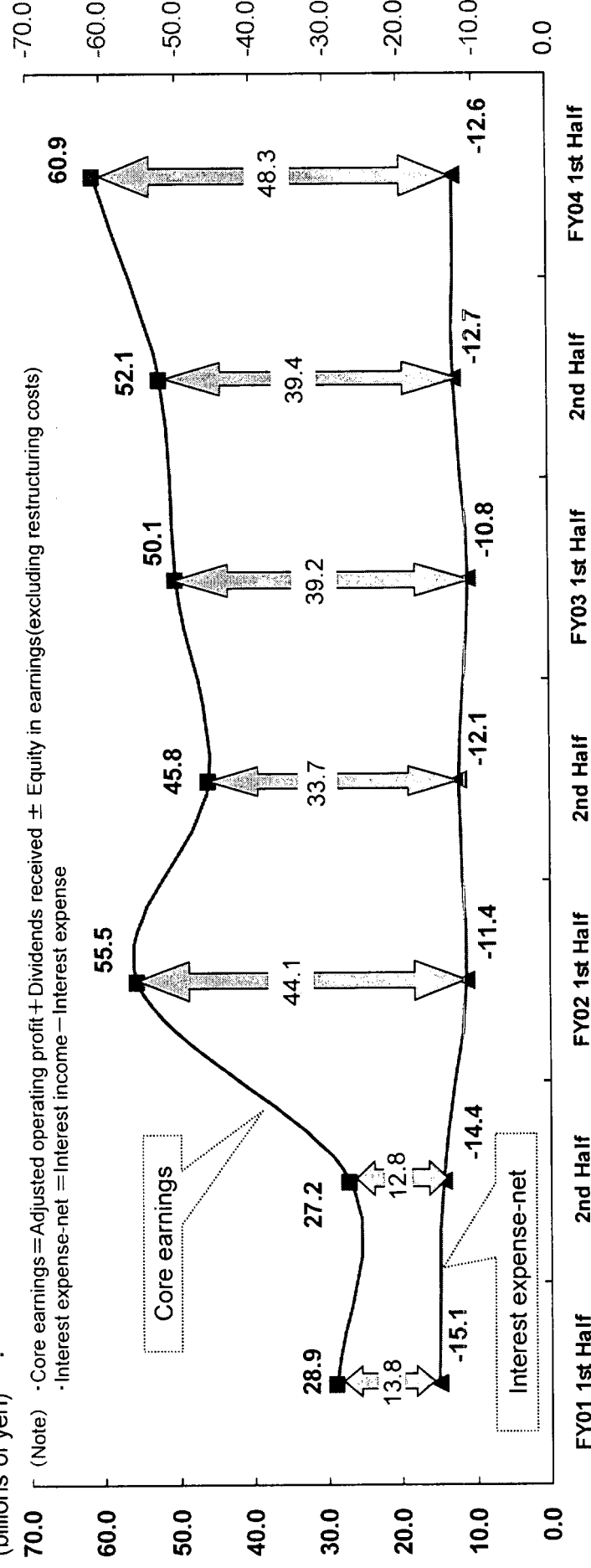
## 5. Core Earnings

(billions of yen)	FY01		FY02		FY03		FY04	
	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Adjusted operating profit	25.5	21.7	45.4	35.7	37.5	41.9	43.5	
Dividend received	4.4	3.1	3.6	3.2	4.4	2.8	4.9	
Equity in earnings (excluding restructuring costs)	-1.0	2.4	6.5	6.9	8.2	7.4	12.5	
<b>Core earnings</b>	<b>28.9</b>	<b>27.2</b>	<b>55.5</b>	<b>45.8</b>	<b>50.1</b>	<b>52.1</b>	<b>60.9</b>	
Interest expense-net	-15.1	-14.4	-11.4	-12.1	-10.8	-12.7	-12.6	
<b>Total</b>	<b>13.8</b>	<b>12.8</b>	<b>44.1</b>	<b>33.7</b>	<b>39.2</b>	<b>39.4</b>	<b>48.3</b>	

**Core earnings**  
(billions of yen)

Interest expense-net  
(billions of yen)

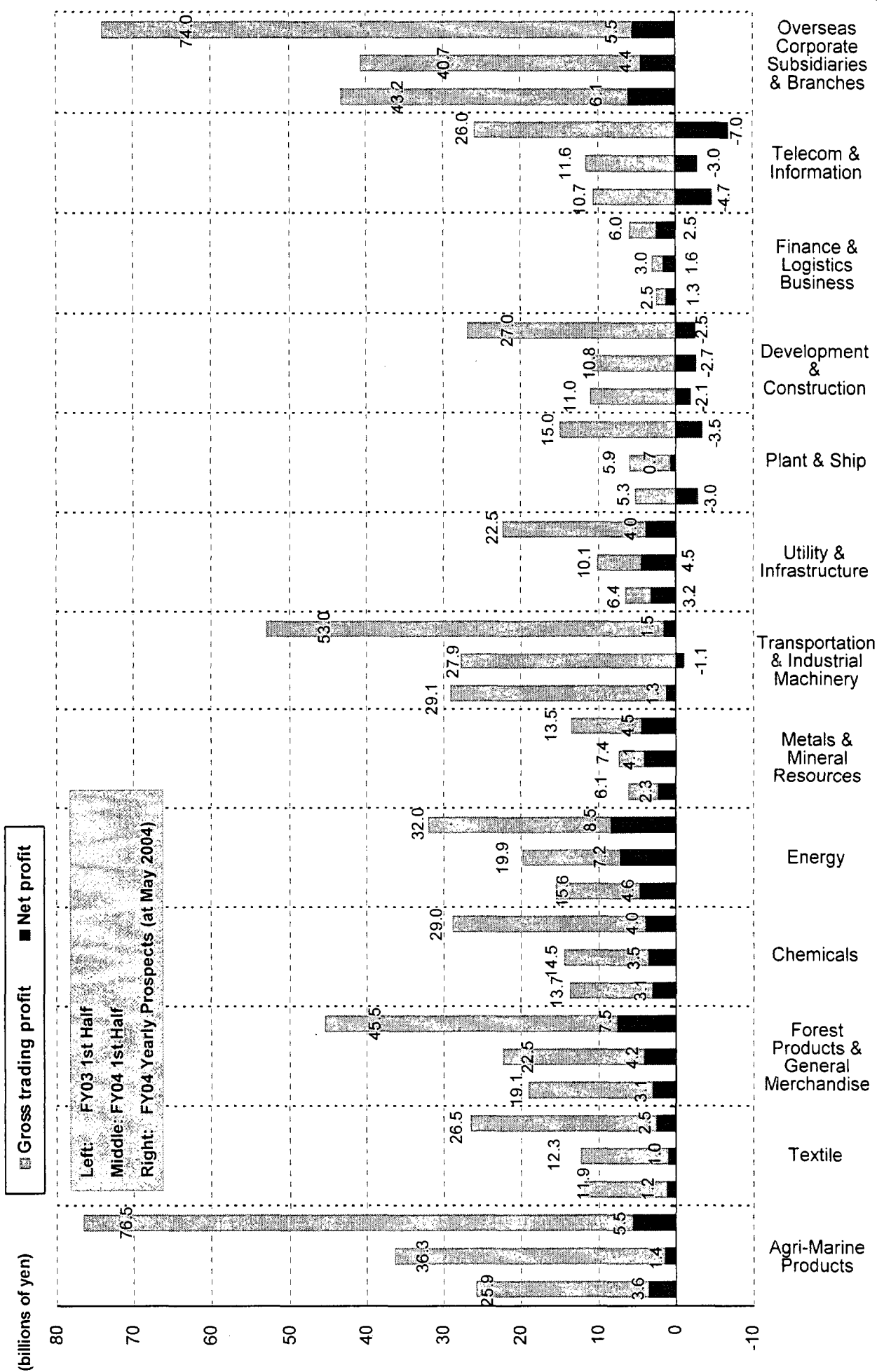
(Note) Core earnings = Adjusted operating profit + Dividends received ± Equity in earnings (excluding restructuring costs)  
Interest expense-net = Interest income - Interest expense



FY01 1st Half FY01 2nd Half FY02 1st Half FY02 2nd Half FY03 1st Half FY03 2nd Half FY04 1st Half

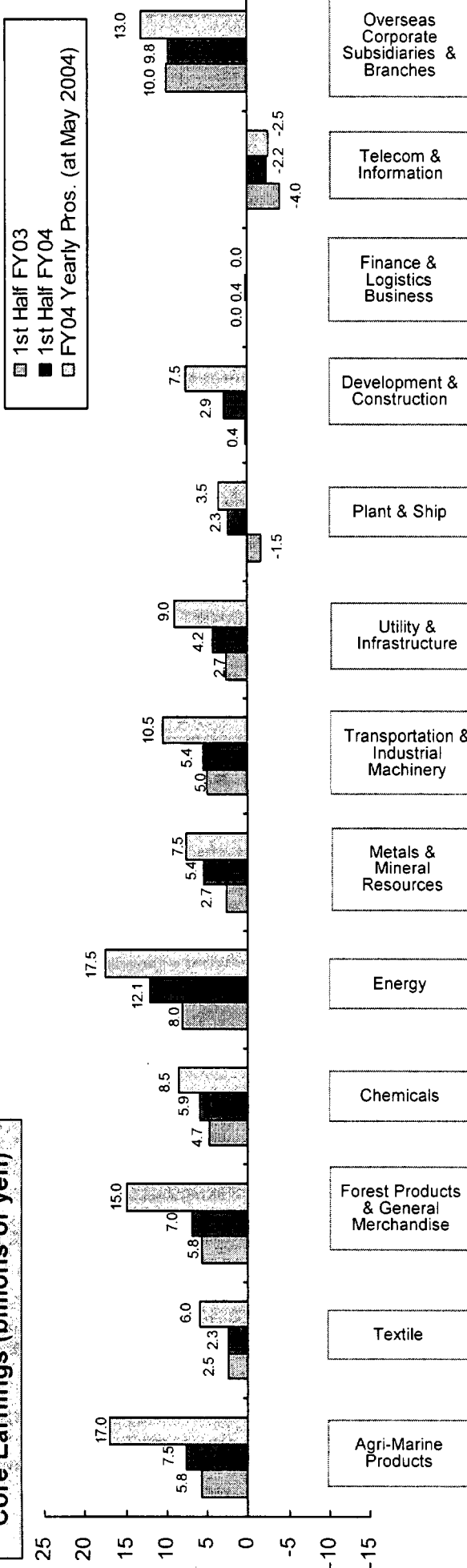


## 6. Gross Trading Profit and Net Profit by Operating Segment

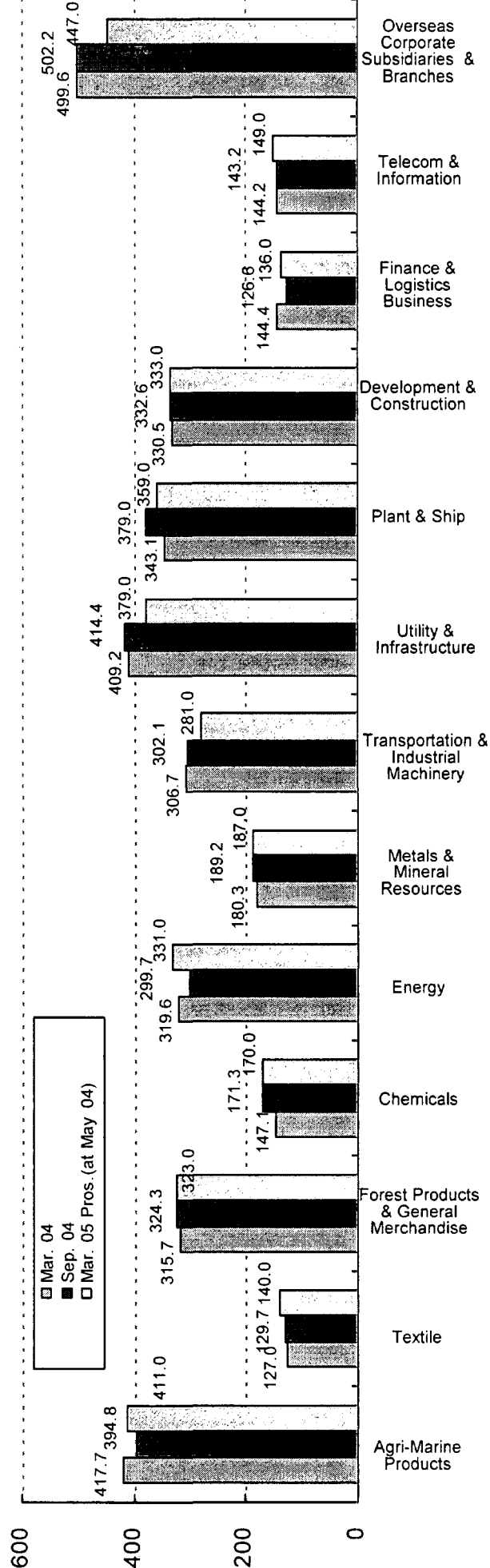


# 7. Core Earnings and Total Assets by Operating Segment

Core Earnings (billions of yen)



Total Assets (billions of yen)



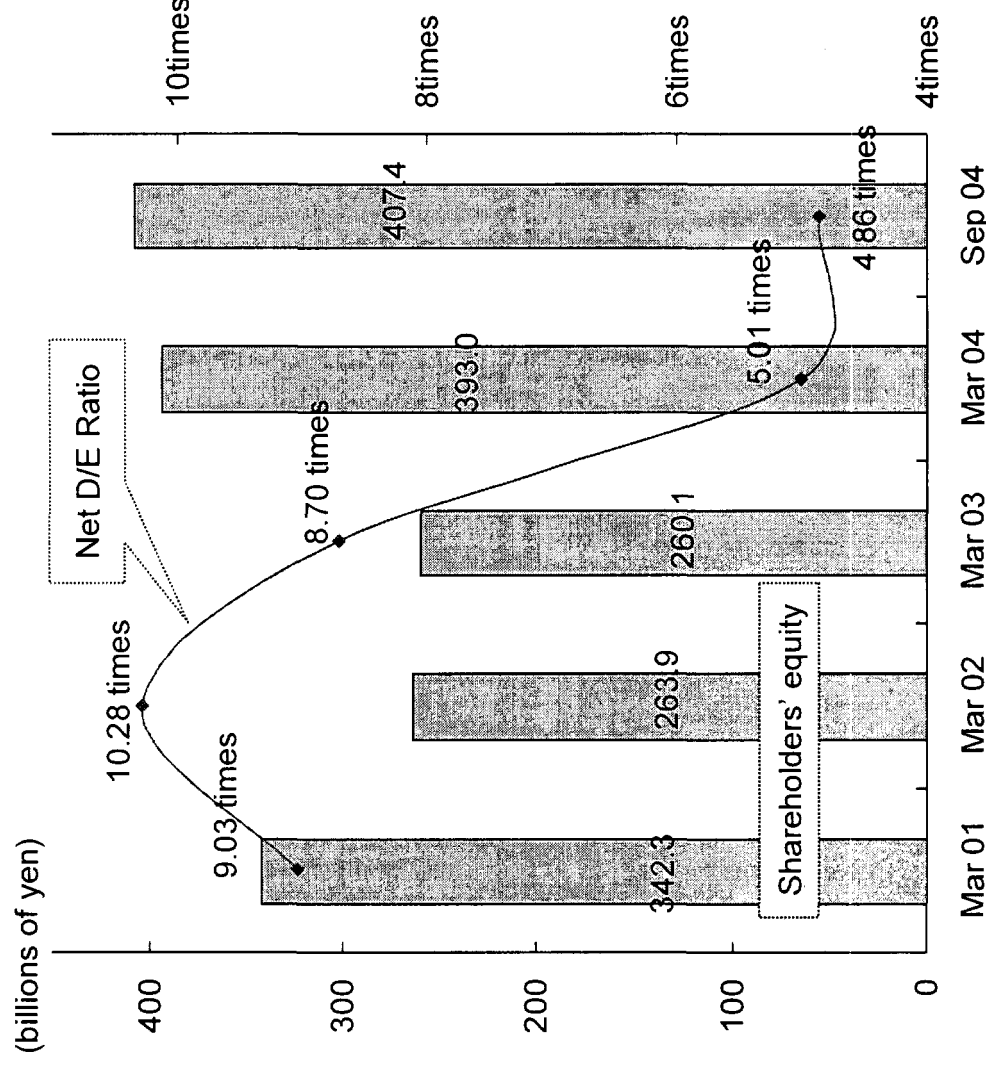
## 8. Cash Flows

(billions of yen)	FY02 Yearly	FY03 Yearly	FY04 1st Half	Major factors during 1st Half FY04
<b>Operating activities</b>				
Net income(losses)	30.3	34.6	24.2	
Adjustments to reconcile net income (losses) to net cash provided by operating activities:				
Depreciation and amortization	63.7	54.3	31.7	
Provision for doubtful accounts	5.7	0.8	2.5	
Other	-2.1	-0.2	-10.5	
	67.3	54.9	23.6	
Sub total				
Changes in assets and liabilities concerning operating activities:	91.6	94.5	-6.3	
Other	5.5	17.7	-6.6	
<b>Net cash provided by operating activities</b>	<b>194.8</b>	<b>201.6</b>	<b>34.8</b>	
<b>Investing activities</b>				
Purchase and sales/redemptions of securities and other investments -net	25.3	54.0	-6.6	
Purchase and sales of property and equipment and property leased to others -net	-11.9	-51.3	-18.0	Purchase of lease assets, business expansion in aluminium area, etc.
Collection of loans receivable -net	103.8	72.3	12.5	Acceleration of collection and disposal of loans receivable.
Other	-4.0	-17.0	12.1	
<b>Net cash provided by investing activities</b>	<b>113.2</b>	<b>58.0</b>	<b>-0.1</b>	
<b>Free cash flows</b>	<b>308.0</b>	<b>259.5</b>	<b>34.8</b>	
<b>Financing activities</b>				
Increase and decrease in interest-bearing debt -net	-295.1	-303.9	-216.4	
Other	1.1	70.0	-6.2	
<b>Net cash used in financing activities</b>	<b>-294.0</b>	<b>-233.9</b>	<b>-222.6</b>	
Effect of exchange rate changes on cash and cash equivalents	-14.1	-13.4	1.3	
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>-0.1</b>	<b>12.2</b>	<b>-186.6</b>	
				(billions of yen)
				Decrease in gross interest-bearing debt on the balance sheets - 178.5
				Decrease in gross interest-bearing debt in cash flow - 216.4
				Difference +37.9
				(Breakdown of the difference)
				Decrease due to the exchange rate +9.4
				Decrease in the impact of FASB133 - 2.6
				New consolidation and un-consolidation of group companies +31.0

## 9. Shareholders' Equity

(billions of yen)	Mar. 01	Mar. 02	Mar. 03	Mar. 04	Sep. 04	(Change from Mar. 04)	Pros. for Mar. 05
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Shareholders' equity	342.3	263.9	260.1	393.0	407.4	(+14.4)	425.0
Net DE ratio	9.03 times	10.28 times	8.70 times	5.01 times	4.86 times	(-0.15 points)	4.71 times

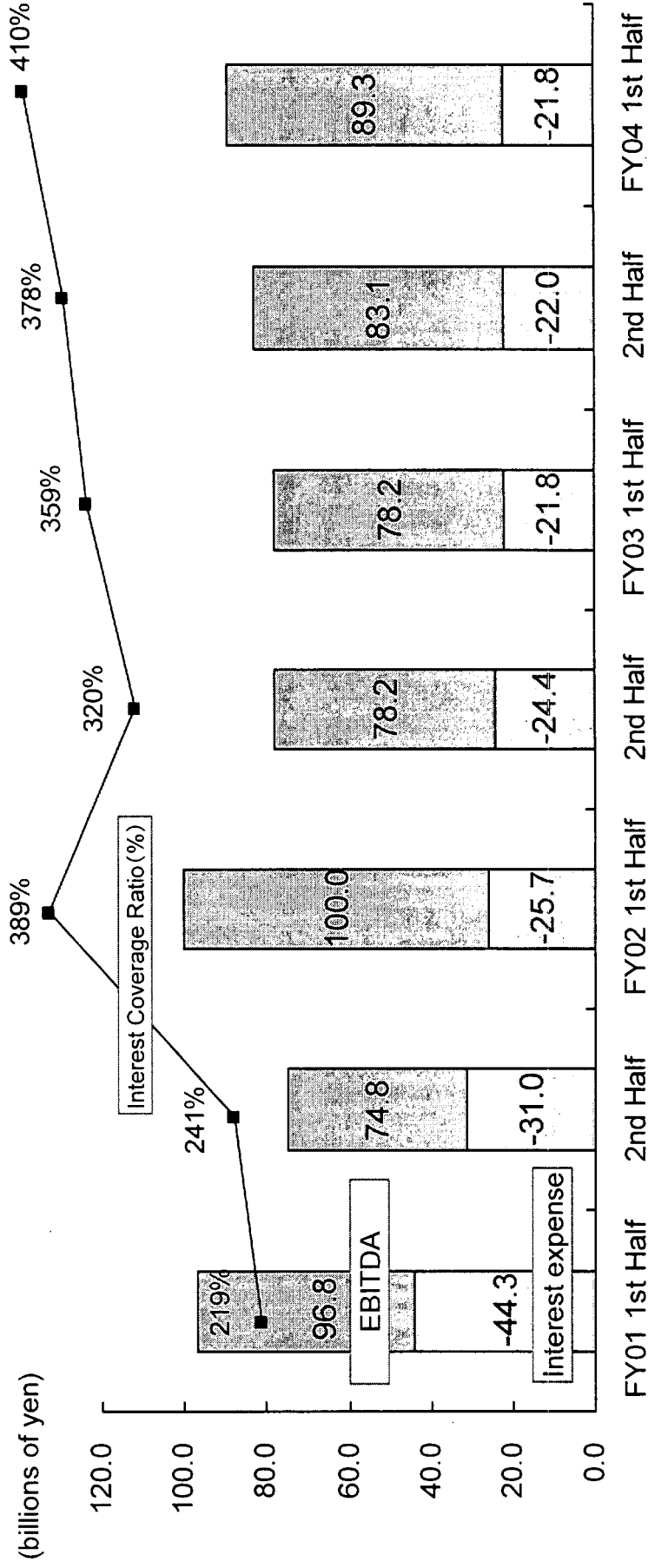


### <Breakdown of Shareholders' Equity as of Sep. 04>

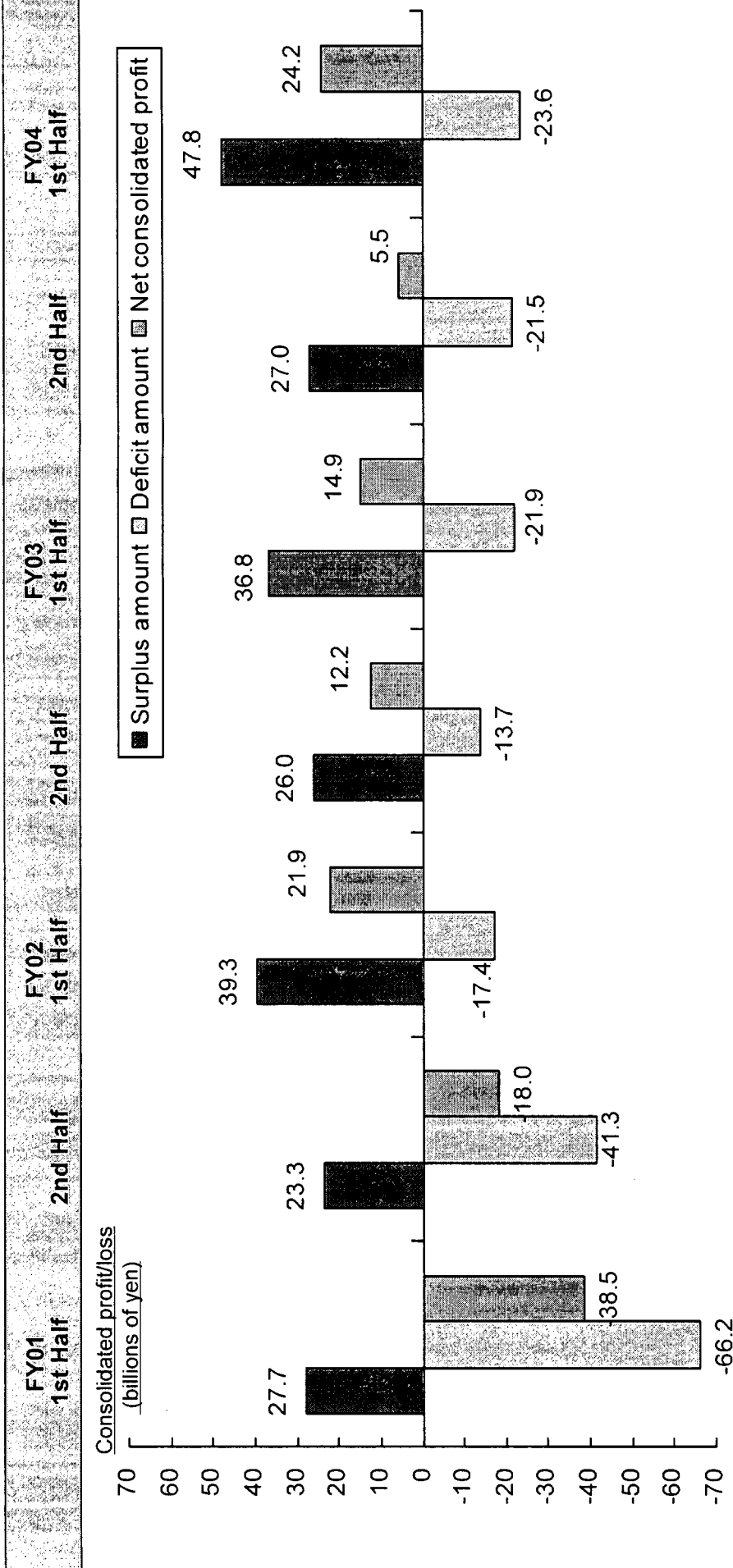
(billions of yen)	Change from Mar. 2004
Common stock and additional paid in capital	357.2 (-)
Retained earnings	114.1 (+19.2)
Net unrealized losses on investment securities	27.6 (-7.4)
Currency translation adjustments	-85.9 (+2.1)
Minimum pension liability adjustment	-0.6 (-)
Net unrealized losses on derivatives	-4.9 (+0.5)
Treasury stocks	-0.1 (-)
Total shareholders' equity	407.4 (+14.4)

## 10. Interest Coverage Ratio

(billions of yen)	FY01		FY02		FY03		FY04	
	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Adjusted operating profit	25.5	21.7	45.4	35.7	37.5	41.9	43.5	43.5
Interest income	29.2	16.6	14.3	12.3	11.0	9.4	9.2	9.2
Dividends	4.4	3.1	3.6	3.2	4.4	2.8	4.9	4.9
Depreciation and amortization	37.7	33.4	36.7	27.0	25.3	29.0	31.7	31.7
Total EBITDA (a)	<b>96.8</b>	<b>74.8</b>	<b>100.0</b>	<b>78.2</b>	<b>78.2</b>	<b>83.1</b>	<b>89.3</b>	<b>89.3</b>
Interest expense (b)	-44.3	-31.0	-25.7	-24.4	-21.8	-22.0	-21.8	-21.8
Interest coverage (a)/(b)	<b>219%</b>	<b>241%</b>	<b>389%</b>	<b>320%</b>	<b>359%</b>	<b>378%</b>	<b>410%</b>	<b>410%</b>



## 11. Number and Consolidated Profits & Losses of Group Firms



	FY01		FY02		FY03		FY04	
	Sep. 01	Mar. 02	Sep. 02	Mar. 03	Sep. 03	Mar. 04	Sep. 04	
Number of profit-making firms	403	391	385	375	361	390	380	
Number of loss-making firms	180	124	115	109	123	112	143	
<b>Total number of consolidated group firms</b>	<b>583</b>	<b>515</b>	<b>500</b>	<b>484</b>	<b>484</b>	<b>502</b>	<b>523</b>	
<b>Loss-making firm ratio</b>	<b>30.9%</b>	<b>24.1%</b>	<b>23.0%</b>	<b>22.5%</b>	<b>25.4%</b>	<b>22.3%</b>	<b>27.3%</b>	

## 12. Major Profit-making & Loss-making Firms

Consolidated profit / loss (billions of yen)		FY03 1st Half	FY04 1st Half	FY04 Pros.	Notes
<b>&lt;Major Profit-making firms&gt;</b>					
Subsidiaries	M. America (100%)	2.8	3.4	3.0	Overseas corporate subsidiary in US.
	Sithe Asia (100%)	-	3.3	1.2	IPP in Asia
	San Roque Power (92.5%)	1.1	2.8	4.5	IPP of San Roque Multipurpose Dam Project (Philippines), Y1.1 bn for FY03 is equity in earnings.
	Royal Maritim (100%)	0.4	2.4	2.4	Shipping company. Y0.4 bn for FY03 is equity in earnings.
	M. LP Holding (100%)	0.7	1.8	2.4	Investing in Los Pelambres copper mine in Chile
	M. LNG International (100%)	1.6	1.4	2.6	Investment in Qatar LNG projects
	Nacx Nakamura Corporation (70%)	0.2	0.7	1.6	Wholesale, transportation and processing of frozen foods. Y0.2 bn is equity in earnings.
	Koa Kogyo (77.52%)	0.1	0.7	0.7	Manufacturing and sales of cardboard
	M. Energy (66.6%)	0.6	0.6	0.6	Sales of petroleum products
	Marubeni Nisshin Feed Co., Ltd. (60%)	0.3	0.6	0.9	Manufacture of compound feed
Affiliated Companies	Marubeni-Itochu Steel Inc. (50%)	1.7	5.0	3.8	Manufacture, processing, import, export and sales of steel products
	Uni-Mar Energi (33.3%)	2.2	1.8	1.3	IPP in Turkey
	PT Chandra Asri (24.6%)	* -3.2	1.3	-0.5	Manufacture and sales of petrochemical products (Indonesia) (*)including Equity in losses related to impairment charges to its fixed assets(-2.2 billion yen)
<b>&lt;Major Loss-making firms&gt;</b>					
Subsidiaries	Marusumi Paper Co., Ltd. (32.16%)	0.6	0.6	1.3	Manufacture of printing paper
	NPPI (100%)	-0.4	-5.2	-4.8	Marine product processing (U.S.A.)
	Meditec Corporation (100%)	-1.6	-3.1	-3.3	Import sales and maintenance of medical equipment, apparatus and accessories
	MC Estate Co., Ltd. (100%)	-0.9	-2.3	-1.7	Property business
	Global Solution KK (100%)	-0.7	-1.7	-2.1	Internet access service.
	Global Access Ltd. (100%)	-1.4	-1.0	-1.4	Providing bandwidth via own fiber-optic cable
Affiliated Companies	M. Chikusan Corp. (99.99%)	-1.1	-0.8	-0.4	Livestock related business
	MUSI Pulp Project (45%)	-1.4	-0.7	-1.2	Production and sales of pulp (Indonesia)
<b>&lt;Reference&gt;</b>					
	MIECO (100%)	-2.2	0.3	-0.1	Petroleum trading in US
	NEXION Corporation (96.43%)	-0.6	-0.5	-0.6	Video transport service and broadband media service
	Daishowa-Marubeni Int'l (50%)	1.6	0.0	0.8	Manufacturing and sales of pulp
	Japan Cablenet Ltd. (23%)	-0.2	0.0	0.0	CATV and telecommunication operation, and management of CATV operators

# 13. Non-consolidated Financial Results for 1st Half FY2004

(billions of yen)	FY03 1st Half	FY03 2nd Half	FY03 Yearly	FY04 1st Half	FY04 Yearly Pros.
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## <Business Results>

Total volume of trading transactions	2,817.2	3,060.1	5,877.3	2,617.4	
Gross trading profit	53.4	61.2	114.6	53.6	-
Operating profit	6.8	12.0	18.8	5.3	-
Ordinary profit	10.4	13.2	23.6	12.5	
Net income(loss)	6.6	5.7	12.3	8.5	9.0

## <Balance Sheets>

	<u>Sep. 03</u>	<u>Mar. 04</u>	<u>Sep. 04</u>
Total assets	2,726.6	2,649.5	2,476.1
Shareholders' equity	276.6	371.9	371.8
Interest-bearing debt	1,732.4	1,583.1	1,449.4
(Net interest-bearing debt)	1,423.0	1,305.5	1,341.3
Net D/E ratio (times)	5.14 times	3.51 times	3.61 times



(billions of yen)

Operating Results	1st Half FY2003 Results	1st Half FY2004 Results		Prospects for FY2004	
		Variance		Progress	
Total volume of trading transactions (*1)	3,825.4	3,742.7	-82.6	7,600.0	49%
Gross trading profit	198.6	211.4	12.8	435.0	49%
Selling, general and administrative expenses	-161.0	-169.4	-8.3	-342.0	50%
Provision for doubtful accounts	1.5	-2.5	-3.9	-8.0	31%
Operating profit (*1)	39.0	39.5	0.6	85.0	47%
Interest expense, net of interest income	-10.8	-12.6	-1.7	-28.0	45%
Dividends	4.4	4.9	0.5	6.0	82%
Gain (loss) on investment securities	1.8	8.8	7.0	-12.0	3%
Gain (loss) on property and equipment	-0.5	-2.7	-2.1		
Other-net	-4.3	-6.5	-2.2		
Income (loss) before income taxes and equity in earnings (losses) of affiliated companies	29.5	31.5	2.0	51.0	62%
Provision (benefit) for income taxes	-15.6	-18.3	-2.7	-27.0	68%
Minority interests in consolidated subsidiaries (*2)	-1.1	-1.5	-0.5	-3.0	51%
Equity in earnings (losses) of affiliated companies	6.9	12.5	5.6	16.0	78%
Net income (loss)	19.7	24.2	4.5	37.0	65%

(\*1) For Japanese investors' convenience, Total volume of trading transactions and Operating profit are shown according to accounting principles generally accepted in Japan.

(\*2) In the 1st Half FY2003, Minority interests in consolidated subsidiaries have been included in Income before income taxes and equity in earnings, however certain reclassifications have been made to conform to the presentation for the 1st Half FY2004.

Revenue (*3)	1,357.9	1,535.8	177.8
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(\*3) Revenue is presented in accordance with FASB Emerging Issue Task Force (EITF) 99-19.

Adjusted operating profit (*4)	37.5	43.5	5.9	93.0	47%
Core earnings (*5)	50.1	60.9	10.8	115.0	53%

(\*4) Adjusted operating profit = Gross trading profit - SGA expenses (excluding restructuring costs)

(\*5) Core earnings = Operating profit + Dividend income ± Equity in earnings of affiliated companies (excluding restructuring costs)

Financial Condition	March 31 2004	September 30, 2004		Mar.31 2005 Prospects	Cash Flow	1st Half FY03	1st Half FY04
			Variance			Results	Results
Total assets	4,254.2	4,073.0	-181.2	4,100.0	CF by operating activities	72.4	34.8
(Current assets)	(2,080.0)	(1,915.9)	(- 164.1)	-	CF by investing activities	10.6	-0.1
(Fixed assets)	(2,174.2)	(2,157.1)	(- 17.1)	-	Free cash flows	82.9	34.8
Shareholders' equity	393.0	407.4	14.4	425.0	CF by financing activities	-30.1	-222.6
Interest-bearing debt	2,454.8	2,276.3	-178.5	-	Effect of exchange rate changes	1.0	1.3
Net interest-bearing debt	1,969.3	1,978.0	8.7	2,000.0	Changes of cash and cash equivalents	53.8	-186.6
D/E ratio (*6)	5.01times	4.86times	- 0.15points	aprx. 4.7times			

(\*6) D/E ratio is calculated based on net interest-bearing debt

Increase/Decrease of Consolidated Companies Surplus/Deficit	Sept. 30, 2003	September 30, 2004	
		Variance	
No. of profit making companies	361	380	19
No. of loss making companies	123	143	20
Total	484	523	39
No. of profit making companies ratio	74.6%	72.7%	-1.9points

	1st Half FY2003 Results	1st Half FY2004	
		Results	Variance
Surplus amount	36.8	47.8	11.0
Deficit amount	-21.9	-23.6	-1.8
Total	14.9	24.2	9.2

### Outline of Financial Results for the 1<sup>st</sup> Half FY2004

#### ◆ Highlights of the 1<sup>st</sup> Half FY2004 Financial Results

- Net income was the highest record of 24.2 billion yen, 3.4 billion yen above the level of 20.8 billion yen recorded in 1<sup>st</sup> Half FY1990.
- Shareholders' equity increased by 14.4 billion yen compared with the FY2003 year-end to 407.4 billion yen, due to such factors as the increase in net income for this period etc.
- Net interest-bearing debt was 1,978.0 billion yen, achieving the FY2005 year-end target of 2,000 billion yen or less, as stated in the "V" PLAN.
- As a result, the D/E ratio was 4.86 times, representing an improvement by 0.15 points from FY2003 year-end.

#### ◆ Main Items

##### 1) Total volume of trading transactions ... 3,742.7 billion yen

Total volume of trading transactions fell by 82.6 billion yen compared to the same period of the previous year. The impact of the appreciation of the yen resulted in a decrease by approx.110 billion yen.

Comparison by segment with the same period of the previous year's results:

[unit : billion yen]

Agri-Marine products	+102.3	Due to the mergers of subsidiaries, and the consolidation of the new subsidiaries in feed grain and distribution.
Metals & Mineral Resources	+57.7	Due to rise in price of coal/non-ferrous metal.
Chemicals	+38.8	Due to rise in price of basic chemicals.
Energy	-195.5	Due to the reduction of petroleum related transactions.
Plant & Ship	-81.6	Due to the decline of energy/petrochemical plant and ship related transactions.

##### 2) Gross trading profit ... 211.4 billion yen

Gross trading profit rose by 12.8 billion yen compared to the same period of the previous year.

Comparison by segment with the same period of the previous year's results:

[unit : billion yen]

Agri-Marine products	+10.4	Due to the mergers of subsidiaries, and the consolidation of the new subsidiaries in feed grain and distribution.
Energy	+4.3	Due to the improvement of profitability in petroleum related transaction and the additional profit from the rights in natural resources fields.
Utility & Infrastructure	+3.7	Due to the consolidation of the new subsidiaries.(Sithe related)
Forest Products & General Merchandise	+3.4	Due to the strong performance of the paper related affiliated companies, improvement of profitability of woodchip business, and the increase in plywood transactions.
Overseas Corporate Subsidiaries & Branches	-2.4	Due to the effects of fluctuations in exchange rate

##### 3) Selling, general and administrative expenses ... -169.4 billion yen

Selling, general and administrative expenses rose by 8.3 billion yen compared to the same period of the previous year. Mainly due to the effects of newly included subsidiaries (-4.7 billion yen) and loss from the transfer of the substitutional portion of employee pension fund liabilities (-1.5 billion yen).

##### 4) Provision for doubtful accounts ... -2.5 billion yen

Provision for doubtful accounts deteriorated by 3.9 billion yen compared to the same period of the previous year due to large-scale reversal of this term, which was booked in the previous year.

##### 5) Interest expense, net of interest income ... -12.6 billion yen

Interest expense, net of interest income deductions deteriorated by 1.7 billion yen. Mainly due to the consolidation of the new subsidiaries.(Sithe related)

##### 6) Gain (Loss) on investment securities ... 8.8 billion yen

A breakdown of the Gain (Loss) on investment securities is provided below.

Gain (Loss) on sales of investment securities ... 11.5 billion yen

(Compared to the same period of the previous year +1.7 billion yen)

Devaluation loss on investment securities ... -2.6 billion yen

(Compared to the same period of the previous year +5.3 billion yen)

This item improved by 7.0 billion yen compared to the same period of the previous year, due to increases in capital gain from sales of stock (a part of IPP, Vodafone) and the clearance of devaluation loss on corporate shares at Sithe Energies.

##### 7) Gain (Loss) on property and equipment ... -2.7 billion yen

A breakdown of the Gain (Loss) on property and equipment is provided below:

Gain on sale of property and equipment ... 1.5 billion yen

(Compared to the same period of the previous year +0.9 billion yen)

Loss on sale/Devaluation Loss of property and equipment ... -4.2 billion yen

(Compared to the same period of the previous year -3.1 billion yen)

This item deteriorated by 2.1 billion yen year on year, owing to such factors as the devaluation loss on factories at subsidiaries and the devaluation loss on real estate holdings of the Parent.

##### 8) Other-net ... -6.5 billion yen

Other-net deteriorated by 2.2 billion yen compared to the same period of the previous year. Owing mainly to such factors as restructuring losses at subsidiaries.

##### 9) Equity in earnings (losses) of affiliated companies ... 12.5 billion yen

Equity in earnings (losses) of affiliated companies improved by 5.6 billion yen compared to the same period of the previous year.

A breakdown of this item for this term's increase/decrease is provided below.

(Compared to same period of previous year)

Marubeni-Itochu Steel Inc.	5.0 billion yen	(+3.3 billion yen)
Uni-Mar Enerji Yatirimlari	1.8 billion yen	(-0.3 billion yen)
PT Chandra Asri	1.3 billion yen	(+4.5 billion yen)
Thai Cold Rolled Steel Sheet	0.9 billion yen	(+0.2 billion yen)
Daishowa-Marubeni	-0.0 billion yen	(-1.7 billion yen)
P.T.TEL	-0.4 billion yen	(+0.5 billion yen)

### Financial Prospects for FY2004

The results for the 1<sup>st</sup> Half FY2004 exceeded the estimate, mainly due to solid market prices of various commodities. Prospect of consolidated financial results for FY2004 is, however, unchanged from that in the announcement on May 10, 2004, because of uncertainty in commodity markets, foreign exchange and interest rates, and stock prices etc.

### Major Financial Indicators and Financial Yearly Prospects

#### ◆ Major Financial Indicators

1<sup>st</sup> Half FY03 1<sup>st</sup> Half FY04 Variance

1) Foreign Exchange Rate (YEN/USD)	118.05	109.86	(Yen up by 8.19 yen)
2) Short-term Prime Rate (Japan) (%)	1.375	1.375	
3) Long-term Prime Rate (Japan) (%)	1.467	1.757	(0.290 % up)

#### ◆ Financial Yearly Prospects

Prospects for FY2004

1) Foreign Exchange Rate (YEN/USD)	approx. 110 yen
2) Short-term Prime Rate (Japan) (%)	1.375
3) Long-term Prime Rate (Japan) (%)	1.700